

Sheikh Abed Mounam Zhat, a Muslim Brotherhood leader, denouncing the PLO's recognition of

Israel at a rally Friday in a Palestinian refugee camp in Amman. He vowed to continue to fight Israel.

Arafat Faces Rebellion; U.S. Vows'Guarantees'

By Joseph Fitchett

WASHINGTON - The United States will provide "peace guarantees" to reinforce the security terms of any pact between Israel and the Palestine Liberation Organization, President Bill Clinton said Friday.

past U.S. participation in multilateral peacekeeping forces in the Middle East. But administration officials said that the administration had no specifics in mind yet and that despite the military overtones of the word "guarantee," the support needed would probably take the form of money, not U.S.

"I think that Clinton really had in mind moral support," said to William Quandt, a former Middle East policymaker who is now at the Brookings Institution in Washington. Similar assessments came from other experts and the administration sources, who asserted that the self-rule accord between Israel and the PLO to be signed in Washington on Monday — unlike the peace arrange-ments between Israel and Egypt after the

need any peacekeeping by outside military

At the news conference, where he also announced the resumption of contacts with the PLO, Mr. Clinton said that the United States would "work with the Palestinians Mr. Clinton made the statement at a white House news conference, referring to cord. He said there would "plainly be some peace guarantees."

> Mr. Clinton's intention, a State Department official said, was "to make a general offer showing that the United States, as the outside power with the biggest stake in Middle East peace, is ready to do whatever is needed to make this deal work."

> "Nobody's thought through what it means, but nobody's working up military scenarios," the official added.

The future security arrangements between a Palestinian entity and Israel involve sharply different military threats than those that Israeli leaders have to meet on their country's borders with other Arab states. In the current outlook, Israeli forces could

See CLINTON, Page 4

Aid Is Likely to Be Monetary 3 Quit PLO Ruling Committee

By William Drozdiak Washington Past Service

TUNIS - Three members of the Palestine Liberation Organization's Executive Committee quit in disgust Friday over the PLO decision to endorse a mutual recognition oact with Israel.

The resignations dramatized the continuing tensious over reconciliation with Israel have stripped the facade of unity from the 18-member board, which acts as a ruling cabinet under the so-called government-inexile led by Yasser Arafat.

The Executive Committee convened another emergency session Friday night and gave final approval to the self-rule plan for the Gaza Strip and the West Bank town of Jericho that Mr. Arafat sees as the embryo of who opposed the recognition deal with Isra-

an independent Palestinian state.

The limited autonomy deal has provoked harsh criticism from leftist radicals, Islamic fundamentalists and Palestinian refugees scattered throughout the Arab world. They believe that Mr. Arafat's peace strategy has conceded too much to Israel by failing to address such issues as the final status of Jerusalem, jurisdiction of Israeli settlements

and the destmy of 3 million Palestinians living in the diaspora.

But with Arafat loyalists holding a clear majority in the Executive Committee, the board's likely endorsement is expected to remove the last obstacle to a signing ceremony in Washington on Monday between Israe-

Foreign Minister Shimon Peres of Israel is expected to be joined by Mahmoud Abbas, also known as Abu Mazin, who supervised the secret negotiations that led to the agreements. Senior PLO officials said Abu Mazin would be chosen because Farouk Kaddoumi, its nominal "foreign minister," was one of four members on the Executive Committee

Mr. Kaddoumi publicly acknowledged that he joined the dissident camp because he believed that the self-rule plan would inflict "serious damage" to Palestinian national

He said, however, that he did not intend to See ARABS, Page 4

Jordan Expects Peace Agenda In a Few Days

LONDON - King Hussein of Jordan said Friday he believed that an agenda aimed at concluding a peace agreement between Jordan and Israel could be signed early next

Asked on British television whether Jordan would sign an expression of intent with Israel next week, he said: "Agreement on the agenda, yes. If not on Monday then Tuesday

The king's comments came at the end of a dramatic day in the Middle East that began with the signing of the PLO-Israel accord on mutual recognition and drew to a close with Prime Minister Yitzhak Rabin of Israel saying he did not reject the possibility of meat-ing face to face with Yasser Ara'at, chairman of the Palestine Liberation Organization.

"I do not disqualify a meeting with Ara-fat," Mr. Rabin said on Israeli television. "The question will be the purpose of the meeting, its location, and what his status will be - the chairman of the PLO?

Jordan has negotiated a draft agenda with Israel setting out the framework of a peace toward peace between the Palestinians and Israel before ratifying the deal.

Earlier, the Israeli foreign minister, Shi-mon Peres, said that Israel could reach agreement with Jordan as early as next week. King Hussein, who met with Prime Minister John Major on a private visit to London this week, said on British television that the tentative PLO-Israel accord on limited Palestinian self-rule was an important begin-

ning and "a very important landmark."

The conclusion of a treaty between Jordan See ACCORD, Page 4

PLO Chief Keeps Rivals Off Balance

By Barry James International Herald Tribune

The speed and the scope of the agreements between Israel and the Palestine Liberation Organization have caught hard-line opponents of the accords off balance, Middle East experts say.

In the past, these groups have often been bogged down in rivalries, and there was little to suggest they have the organizational skill or support needed to take on the PLO leader, Yasser Arafat, the experts

Nevertheless, they warned that the rejectionists would stop at nothing to disrupt the agreements, which would give the PLO limited authority in Jericho and the Gaza Strip and allow for limited autonomy in the West Bank after the election of a Palestinian Council within nine months.

Ahmed Jebril, head of the radical Popular Front for the Liberation of Palestine - drew from the organization's Executive General Command, has warned that Mr. Committee on Friday to protest the ac-Arafat will be assassinated by opponents

But the PLO chairman has survived as many as 50 assassination attempts in the Jebril's, which suspended their participa-

past, according to aides, and he appeared tion in the PLO after a Syrian-backed to be taking a calculated gamble that he mutiny against Mr. Arafat in 1983.

can outwit his opponents once again. The only support on which he could rely within the PLO is from his own Fatah movement and a couple of smaller groups. Even Fatah is divided, with one of its top

NEWS ANALYSIS

leaders, Farouk Kaddoumi, the head of the political department, coming out against Mr. Arafat. He said the agreements "harm the inalienable national rights of the Palestinian people." Outside Fatah, however, the opposition

is even more divided. On the one side, some factions remain active members of the PLO, such as the Popular Front for the Liberation of Palestine, led by Georges Habash, which with-

cords. The front is the second most powerful group in the PLO, after Fatah.

On the other side are groups like Mr.

Among the various factions there has seldom been much sense of common purpose, and the intifada, or uprising against israel, has increasingly been led by the fundamentalist Hamas movement, which is not part of the secular PLO. Mr. Jebril said that 10 Damascus-based

opposition groups were devising a joint strategy to sabotage the peace process and set up an alternative to the PLO. But beyond the rodomontade, there was nothing to indicate that such disparate groups would be able to come together in a common cause.

"Arafat is outpacing them," said one Middle East diplomat quoted by Reuters. They want to be the usual spoilers but they have to be very careful. Their attacks could now backfire as never before."

Mr. Arafat faces threats from two distinct directions. One comes from Hamas, which categorically rejects an agreement with Israel and has large support in the

See REBELS, Page 4

Bank of Japan Casts Pall on Recovery

By Steven Brull

al Rerald Tribuu TOKYO - Reinforcing fears that the sluggish Japanese economy is shifting into even lower gear, the Bank of Japan reported Friday that business confidence had sunk to its lowest level in 18 years,

with few hopeful signs in sight.

The gloomy survey forced the bank to virtually retract its official forecast that the economy would begin to make a gradual recovery over the "There is a downside risk" for the Japanese

economy, said Kagehide Kaku, director of the bank's research and statistics department. There were no data to support expectations of a recovery over the next six months, he added.

downward its most recent economic outlook, published in July. (Page 9)

The Bank of Japan's quarterly survey of business sentiment, or tankan, added to a string of gloomy government forecasts that lay the groundwork for additional steps to stimulate the econo-

The measures, which include another cut in the official discount rate and a fiscal spending package, will be ready for Prime Minister Morihiro Hosokawa's meeting with President Bill Clinton

ued to climb; labor demand continued to weaken, depressing consumer spending that is the economy's Achilles' heel.

The new outlook sets the stage for the Bank of in New York later this month. But economists say

Big Japanese steelmakers expect losses but Sharp finds ways to deflect the blow. Page 13.

that given the deflationary pressures in the economy, the response is unlikely to do more than stem

the erosion "We will have damage control, not a rekindling of a new growth cycle," said Jesper Koll, economist at S. G. Warburg.

The slowdown of the Japanese economy was

pects for economic growth in Japan, and in Enrope as well, looked even worse than just two months ago and that it might have the subwuown of the Japanese economy was clear in the quarterly survey, which was generally in line with expectations. The diffusion index — a measure of business confidence has a me

The survey, which was taken in mid-August. also showed companies lowering their profit and capital spending forecasts as inventories contin-

The new outlook sets the stage for the Bank of Japan to lower its official discount rate from the current 2.5 percent level. Those expectations pushed up the Tokyo Stock Exchange's Nikkei index more than 100 points after the report was released in mid-afternoon. The index closed down 7.60 points at 20.817.98

Financial markets expect a cut of one-half to three-quarters of a point, although some political and business leaders have called for a one-point

While the next cut in the discount rate, which would be the seventh in two years, is expected to have at least a psychological impact, the size of the fiscal spending package being formulated appears insufficient to reverse the economy's downward momentum or to placate Washington.

of companies expecting business to imposs against those expecting it to worsen—slumped to minus 51, the lowest level since the minus 67 and narrow the gaping trade imbalance that is on track to exceed a record \$150 billion this year.

On Friday, the prime minister ordered economic cabinet members to compile an extra 1.0 trillion yen (\$9.4 billion) in spending to improve the

REACHING FOR PEACE



Mr. Rabin about to sign the documents brought by Foreign Minister Johan Jorgen Holst of Norway. At right is Mr. Peres.

President Clinton said the U.S. would resume its contacts with the PLO.

The Norwegian go-between is known as being a stickler for detail.

Many questions on practical aspects of being a stickler for detail.

Many questions on practical aspects of autonomous areas are unanswered.

ment a "deamatic change"

On Page 4

antonomous areas are unanswered.

More than 1,000 dignituries are expected to attend the White House ceremony.

ment a "dramatic change."

UN Defends Firing on Somali Crowd

By Keith B. Richburg

Washington Past Service
MOGADISHU, Somalia — Somali guerrillas on Friday pounded United Nations troop positions with mortar and grenade barrages, as American officials tried to contain the fallout from a U.S. helicopter strike tain the fallout from a U.S. helicopter strike on a crowd of Somali women and children the chief UN military spokesman in Somalia, who were threatening UN troops.

staunchly defended the actions of the U.S. ered combatants." pilots in the helicopter attack on Thursday

and tried to shift the blame onto the fugitive warlord Mohammed Farrah Aidid. They blamed him for causing heavy civilian casu-alties through his repeated tactic of using women and children as "human shields" in

said, There are no sidelines or spectator Senior American and UN officials here seats - the people on the ground are consid-

Meanwhile on Friday, fierce factional

fighting erupted between rival Somali sub-cians who battled with grenades and assault rifles for several hours. The fighting prompted U.S. helicopter gunships to abandon their neutral position and intervene long enough to allow Malaysian ground troops to extract a group of foreign journalists from a hotel that became a focal point of the clashes.

Four Somali employees of CNN television were killed in the fighting and five other See SOMALI, Page 6

Klosk

Sukova Reaches Final in U.S. Tennis

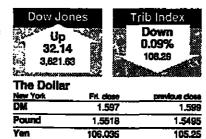
Canary Wharf, the London landmark, will be rescued by its bank lenders. Page 9. Fortis buys into Belgian banking. Page 11. Money Report

Business/Finance

Shares of food makers slump.Pages 15-17. Books Page 4. Crassword

NEW YORK (AP) - Helena Sukova, re- Open tennis championships. Sukova, from vived by the delay caused by a brief but heavy the Czech Republic, will meet the winner of rain shower, defeated second-seeded Arantxa the semifinal pitting top-seeded Steffi Graf Sanchez Vicario, 6-7 (7-9), 7-5, 6-2, on Friday against No. 11 Manuela Maleeva-Fragnière. to move into the women's final at the U.S.

Earlier article, Page 19



Haiti's Hopes: A Catholic Priest and Village Voodoo By Howard W. French

New York Times Service

SOUKRE, Haiti - In a country where people have rarely seen the government as their friend and international promises have a history of being broken. Haitians long ago learned to depend on their own devices for both hope and

For the people of this village on the edge of the provincial capital, Gonaives, as for Haitians in every region of the country, chief among these devices has always been their ancestral religion, Vaudou, commonly known as voodoo.

in a daylong ceremony of dance and throbbing song that repeatedly flirted with politics but was constantly mindful of the perils of free expression, villagers and pilgrims from elsewhere prayed for the return of Haiti's elected

president, the Reverend Jean-Bertrand Aristide

While their priests cartiously explained to visitors that their religion always deferred to the authorities of the moment and steadfastly sought to remain apolitical, Father Aristide's name was heard on almost everyone else's lips.

After two years of exile that followed an army coup that overthrew him, the president, a Roman Catholic priest who was elected in a landslide in the country's first democratic vote, is scheduled to return to Haiti at the end of October. His return would follow a long diplomatic effort that resulted in July in a negotiated settlement of Haiti's political crisis.

For many of the people of Haiti's dirt-poor countryside, credit for this breakthrough, tike the fate that attends their land, rests with the

spirits that suddenly possess them as they cele-brate the rites of their faith. "I have some hope for the future now, but it

is only Gran Met and Guine that can talk to people's hearts and change our lives, not the lomais," said Ronald Novembre, a 27-yearold celebrant who said he had never held a regular job and was forced to live from day to

Gran Met is the Creole name for God, and Guiné is the term used by practitioners of Vandou both to describe ancestral Africa and the realm of the spirits, or loa, which believers consult for succor and guidance.

Even before the comp against Father Aristide, life in the region of Gonaives, a gritty port town Haiti's western coast, was one of unremit-

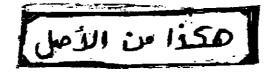
ting hardship. Work has always been scarce, and the land,

overtaxed by migration from the surrounding countryside, has grown ever stingier.

Since the coup against Father Aristide, however, things have grown steadily worse. "The life here is no good," said Pierre Desir, a toothless peasant farmer who wore his 70 years of discouragement on a deeply creased face. "Since March there has been no rain. As a

people, here, we are almost finished." This region was one of the main sources of a wave of emigration that has seen more than 40,000 Haitians try to reach the United States aboard flimsy boats in the last two years. In one of his first acts, President Bill Clinton stopped the exodus by ordering the Coast Guard to cordon off the sea passages leading north and to return Haitians directly to their homeland.

Now, with that escape valve closed, diplo-See HATTI, Page 6



By Patrick E. Tyler

New York Times Service BELIING - Worried that its bid to play host to the 2000 Olympic Games could be undermined by safety concerns among foreigners who fly on China's airlines, Chinese aviation authorities have announced a

major crackdown on safety violations. For anyone who has flown in China, this is long overdue. Seat belts are optional here. No one checks in carriers are often clogged with huggage, not to mention standing passengers.

At Beijing International Airport, where visitors to the Olympics would arrive, British Airways has banned passenger loading during refueling because ground crews refuse to put out their cigarettes.

"Can you imagine the fumes from 100 tons of fuel in the air and a guy is sitting there with a butt in his mouth?" asked one manager with an international

At a press conference this week. Yan Zhixiang, deputy director-general of the Civil Aviation Adminis-

tration of China, told reporters that, "The aviation sector, which is undergoing rapid expansion, has failed to carry through rules on air safety and security." One passenger association in the United States quipped in its newsletter that flying in China was more ngerous than strolling in the streets of Sarajevo.

An exaggeration, to be sure, but the barbs from abroad have been reinforced by so many scare stones from frequent flyers that the leadership was forced to bags because they will get lost, so the aisles of China's crack down before the air safety record became a reason for keeping the Games away from here, offi-

> in 1991, there were no fatalities from civilian air crashes in China, but more than 250 passengers and crew members died in 1992 as new regional airlines ened to meet new demand. This year hijackings have plagued China's carriers. In July, a pilot aborted his takeoff too late and skidded into a lake, where 59 passengers perished in an accident that was judged as pilot error, airline officials said.

China's air transport system has been booming with pics." Mr. Laven said. the rest of the economy. A country whose 1.2 billion

For 1992, the number of passengers increased by 30 percent, and this year is running 25 percent ahead of

Since the government ended the state's monopoly on air transport, more than 20 new airlines have sprung up to lease planes, hire pilots and set up maintenance organizations that have been stretched

"They ordered 50 aircraft last year and already this year they have 60 more on order," said Tony Laven, regional technical director for the International Air Transport Association, which has been advising Chinese officials on how to rectify some of the

"I think the Chinese are fully aware of the problems arising from rapid growth and now with this sudden high visibility of safety concerns, it is even more important because of their bid to host the 2000 Olympic "Me I want acid

Among the worst aspects of the system is air traffic

population mostly prefers walking or biking China coutrol, where old radar and madequate communities now surpassed Canada in annual passenger miles. tion systems at times keep controllers in the dark about what is going on above them.

Delays are epidemic. The aviation authority's most recent figures show that a year ago in May and June only 8 percent of scheduled flights were delayed. The figure was 18 percent this year, mostly due to air

traffic control problems. Airline officials say that controllers often have little choice but to delay flights because civilian authorities control only a tiny fraction of China's airspace. The bulk is reserved for the military, and when narrow flight corridors fill up, especially on the busy Beijing-Shanghai route, controllers cannot use parallel mili-tary corridors without permission from the military.

Steps China has taken to improve performance iclude new contracts with international companies to help Chinese airlines set up new maintenance and training programs. The Boeing Company is running a large pilot-training program as part of its sales contracts. British Airways has just signed a 12-month contract with China Southern Airline to help develop its maintenance program.

WORLD BRIEFS

- 111:411

A from Politica

Yeltsin Edict Ruled Unconstitutional

MOSCOW (Reuters) — Russia's Constitutional Court, whose chair man is embroiled in a dispute with President Boris N. Yeltsin over a country villa, ruled Friday that the Kremlin leader had broken the

constitution in a decree on privatization. The Interfax news agency said the court had ruled that a Yeltsin decree of August 15, 1992, on privatization of the electricity sector breached the or rangust 13, 1774, on private and on the case many sector breached the constitution. The verdict suggested that the 13-member body would have no compunction in ruling against Mr. Yeltsin if it felt that he had exceeded his powers in issuing other decrees, many of them far more

politically sensitive.

The court also fired a new shot in the battle over the court chairman's country villa, or dachs, saying the chairman, Valeri D. Zorkin, had no intention of moving out. Presidential guards were sent to seal the dachs

Thursday and deny him entry. The president's office has given no explanation for the action, which the court denounced as illegal.

Greek Election Is Set for Oct. 10

ATHENS (AP) - Greece's political parties began preparing Friday for an Oct. 10 general election after the conservative government was

forced to resign when it lost its parliamentary majority.

Prime Minister Constantine Mitsotakis, stung when the defection of a little-known conservative deputy deprived him of his slim majority. submitted his government's resignation on Thursday. He remains head of a caretaker government until the election. The 300-member single-chamber parliament was dissolved Friday by presidential decree, freeing

candidates to begin their campaigns.

Antonis Samaras, dismissed as foreign minister by Mr. Mittotakis last year, formed his own party and began a campaign to bring down the government with dissident conservative deputies. Mr. Samaras, 42, appeals more to the younger generation eager for a change. Analysts said he might turn out to be a kingmaker if no major party won a majority.

Suspect Is Seized in Miami Slaying

MIAMI (AP) - A 19-year-old woman accused of killing a German MIAMI (AP) — A. 19-year-old woman accused of killing a German tourist in a failed robbery attempt was arrested Friday after two days on the run, the police said. They had been seeking the suspect, Patsy Jones, in the killing of Uwe Wilhelm Rakebrand with a sawed-off rifle. Her boyfriend, Recondall Wiggins, 19, turned himself in on the day of the killing and admitted having driven the van used in the attack. He was charged with first-degree murder and attempted robbery. Soon after the attack, the couple walked into the police station where his mother works and admitted that he was to blame. The Miami Herald reported Friday. The police say Miss Jones fired the shot that killed Mr. Rakebrand as he drove a rental car. Another man believed to have been in the van is being sought. The killing was the cighth involving a foreign tourist in

being sought. The killing was the eighth involving a foreign tourist in Florida since October.

Sihanouk to Have Surgery in China

PHNOM PENH (Renters) — The man almost certain to be crowned king of Cambodia will not be in the country this month when a new government is formed to end decades of bloodshed.

But officials said Friday that the absence of the head of state, Prince Norodom Sinanouk, for an operation to remove an intestinal tumor, was not likely to delay the approval of the constitution or the formation of the government. In a message from Beijing on Thursday, Prince Sihanouk said the surgery would probably delay his return to Phnom Penh by

Angola Said to Recruit Mercenaries

JOHANNESBURG (AP) - An Angolan company is recruiting South African soldiers for work that may involve fighting as meacenaries for the government, the army chief, General Georg Meiring, said Friday.

South Africa formerly supported rebels who fought a 16-year civil war against Angola's leftist government. A cease-fire and elections last year were supposed to halt the war, but fighting resumed when the rebel leader Jonas Savihair rejected his loss in the voting.

General Mening-shill South African law prohibited the recruiting of soldiers as mercenaries and barred soldiers from such work.

Protest Mars Imperial Couple's Visit

ANTWERP, Beigium (Combined Dispatches)—A handful of Flemish militants shouted hostile slogans at the emperor and empress of Japan and the Belgian king and queen as they arrived in this medieval Belgian city Friday.

It was the first negative incident during the trip of Emperor Akihito and his wife, Empress Michiko, since they arrived in Belgium on Thurs-day for a four-day state visit. The militants, members of a rightist Flemish milionalist movement, shouted slogans such as "Belgium — Explode" and "Anmesty." The latter shouts related to demands that full civil rights be restored to collaborators, mainly Flemish, with the Nazis in World

Cuba Brings Disease Under Control

HAVANA (Reuters) - Cuba's Public Health Ministry said Friday that a mysterious nervous disease that had affected 50,000 people was now under control.

The illness was broadly identified as a "neuropathy," a disease that attacked the nervous system, either reducing eyesight or causing numb-ness or cramps in limbs. It first appeared in 1991. Only 400 cases failed to respond immediately to treatment but no one died, the ministry said.

TRAVEL UPDATE

Continental to Step Up Short Hauls

NEW YORK (NYT) — Continental Airlines has begun testing a new strategy for short-haul routes, adding more frequent service for flights of less than two hours while lowering ticket prices, industry executives said.

The executives said Continental is expected to announce next week that it will put the strategy into effect on Oct. I from cities including Jacksonville and Tampa, Florida, Greensboro, North Carolina, Atlanta, and Baltimore. Continental believes the strategy will allow it to make better use of its planes and raise its profits.

The airline plans to take no more than 20 minutes to turn around an

incoming plane and send it aloft again. An industry rule of thumb suggests that a slight increase in the frequency of flights on a route. disproportionately raises an airline's market share.

Taiwan plans a cultural center for Europe in central Paris, its second in the world after New York, Education Minister Kno Wei-fan of Taiwan said Friday in Paris. It will open Nov. 5, when the first direct air passenger link between Taipei and Paris is to start. Diplomatic relations between Taiwan and France have been broken since 1964.

Kohl Tells Europe's Jews He'll Combat Neo-Nazis

BONN — Chancellor Helmas office said.
Kohl promised European Jewish Mr. Koh Kohl promised European Jewish leaders Friday that Germany would do all it could to combat a surse in far-right violence.

day that authorities must step up pressure on neo-Nazi groups to stop them from becoming a threat

Mr. Kohl made the pledge to

Jean Kahn, president of the Euro-pean Jewish Congress, and a Jewish delegation, the chancellery said. The Paris-based congress said

Mr. Kohl also planned to seek pan-European laws against racism and anti-Semitism when Germany assumes the rotating presidency of the European Community in the second half of next year.

"He accepted the principle of harmonizing European legislation to repress racism, anti-Semitism and xenophobia and expressed the wish to meet the delegation again in February 1994 to prepare this

project," the congress said. In the last two years, German neo-Nazis have carried out a cam-

paign of terror that has claimed at least 28 lives.

"The chancellor emphasized that to combat right-wing extremism take.

Mr. Kohl told parliament Thurs-

and violence with legal means," his

to Germany's internal security. While firebombings aimed at foreigners have made the headlines, Jewish sites such as cemeteries and memorials have also been vandalized, sprayed with graffiti or

Bonn asked the Supreme Court this month to ban the extreme right Free German Workers Party, but Mr. Kohl has said authorities must do more to punish racist crimes and expose neo-Nazis to the public eye.

■ Youths Admit Desecration Two German boys, both 14, have admitted desecrating a Jewish cemetery at Wriezen in Eastern Germany for racist reasons, the police in Eberswalde said Friday, Agence

France-Presse reported. The police said they were not skinheads and did not belong to a rightist movement. The prosecutor's office in Frankfurt an der

the government would do all it can

Oder is considering what action to

In Glass Casket, Marcos Goes Before Admirers and Mourners



Imelda Marcos, left, and her eldest daughter, Imee, during funeral services for Ferdinand E. Marcos on Friday in Batac.

west of the capital. It was damaged Wednesday night in fighting be-tween Serbian and government

forces, cutting off power to the city

out Friday morning to repair the line, said Commander Idesbald van

WATERLOO

EUROPEAN BAPTIST CONVENTION

BARCELONA

BARCELONA INTERNATIONAL CHURCH meets at 17:00 at the Bona Nova Beptist Crusch, Camer de la Cutat de Balleguer AD Pastor Claude Williamson, phone 410-1961

INTERNATIONAL BAPTIST CHURCH, BERLIN, Rothenburg Sr. 13, 12165 Berlin 41 (Slegkz), Bible study 10.45, worship at 12.00 and 19.00 each Sunday, Charles A. Warford, Pantor, Tel.: 030-774-4670.

BONN/KÖLN

THE INTERNATIONAL BAPTIST CHURCH OF BONNYCOLN, Rheineu Streee g. Költ. Worship 1:00 p.m. Celvin Hogue, Pestor. Tel. (02236) 47021.

RREMEN

INTERNATIONAL BAPTIST CHURCH (En

glah language) meets at Evengelis-Freidrich Krauzgemeinde, Hohenlohesfrasse Hamari-Bose-Str. (around the comer from the Bahnfol) sunday worship 1700 Erneel D. Walter, pastor. Tel. 04791-12877.

BLICHAREST

INTERNATIONAL BAPTIST CHURCH, Strade Pope Rusu 22, 3:00 p.m. Contact Bill Richardson, Tal. 010-91-61.

BUIDAPEST

A United Nations repair crew set

of 380,000 people.

Compiled by Our Staff From Dispot BATAC, Philippines - The body of former President Ferdinand E. Marcos was laid to rest on Philippine soil on Friday, encased in a glass casket and put on display.

After angry eulogies in defense of the man accused by his enemies

as a tyrant and a thief, Mr. Marcos was interred in a stone mausoleum, and Filipinos got their first chance to see the man since he was driven from power in 1986. He died in exile in Hawaii four years ago at age 72.

"He looks like he's sleeping," said Arnold Bacis, a farmer, after fighting to be among the first to get a view of Mr. Marcos.

A soft yellow glow lighted the waxy face of Mr. Marcos, and a row of World War II medals was pinned to his chest.

Soft choral music played in the all-black mausoleum and a flame burned at his feet, a symbol of the status the Marcos family believes the but the status the Marcos family believes.

is his due. The Marcos family says it has not given up hope he will get his dying wish to be buried with state honors in the capital.

Mr. Marcos's widow, imelda, walked barefoot behind the coffin as it was carried by retired generals into the mansoleum built beside the family mansion in Batac, 400 kilometers (250 miles) north of Manila. "I wanted him preserved so that you can see him again," Mrs. Marcos said to a crowd of people waiting to view the body. "Ferdinand is now with me more than before, Before he was a dream. Now he is real once more," she said.

The funeral climaxed the late president's return to his stronghold in the northern Philippines after his body was flown home from Hawaii on Tuesday. President Fidel V. Ramos, a former Marcos military chief of staff

who helped remove Mr. Marcos in the 1986 revolt, refused to allow any state honors for the man widely regarded as a despot who plundered the nation of billions of dollars. He also refused a Manila

The funeral eulogies by Mr. Marcos's son, Ferdinand (Bongbong) Marcos, and Senator Arturo Tolentino, a close ally of the former president, angrily defended his achievements. (Reuters, AFP)

UN officials on the ultimatum. The villages are just outside one of four UN-patrolled zones estab-

lished in contested Croatian terri-

The pact ended a six-month war in

which Serbs seized about one-third

officials in the town said.

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Serbian Fire Halts Utility Repair in Sarajevo, Bosnians Say **John Paul Urges** Estonians to

John Paul II, plunging into a deeply sensitive issue in this Baltic state with more than half a million Rustory under a January 1992 truce. sian residents, told Estonians-on ities as equals.

man Catholics. noon and at least six people, in-

In an address in the presidential palace, he said: "Respect for the language and culture of diverse social groups is an essential condition for an ordered, peaceful coexis-

ficiency in Estonian. Many Russian settlers do not speak Estonian.

RELIGIOUS SERVICES

Biesebroeck, spokesman for the tary commander of rebel Serbs in

CROSSROADS INTERNATIONAL CHUR-CH Interdenominational & Exengelical Sun-day Service 10:30 a.m. / Kds Welcome. De Cusenstraal 3, S. Amsterdam Info. 02940-15316 or 02503-41:399.

uled by Our Staff From Dispatches

SARAJEVO, Bosnia-Herzegovi-

na — Engineers trying to repair power lines reportedly came under fire Friday, leaving hundreds of

thousands of residents of the Bos-

nian capital without electricity and

In Croatia, rebel Serbs threat-

ened to attack all Croatian military

targets if Croatian Army forces do

not withdraw from two predomi-

nantly Serbian villages they seized

a day earlier.

FRENCH RIVIERA CORNERSTONE CHRISTIAN FELLOW-SHIP worships at Hotel Omega, Sophia-Antipolis, 10:30 a.m. Sundays; nursery, Sunday schools, tel. 93.65.64.54.

WINGS OF PRAYER FELLOWS-ISP a multi-national ful-goage church at Shapethire hou-se Grid Floor) 11-20 Capper St. London WC1 (of Totenham C. Rd) Sunday 10:30 a.m. & 6:30 p.m. Wed 7:30 p.m. Goodge St table. Tet 081-851-1704 or 071-637-4776.

COMMUNITY CHURCH, Worship and Church-School et 11:00 a.m., Pace Damien 34. (August, Orense and Gen, Yague). International, English Speaking. Tel.:

INTERNATIONAL COMMUNITY CHUR-CHLEVEROSICAL, Bible Belleving, services in English 4:15 p.m. Sundays at Erhuber Str. 10 (UZ Therasenat.) (109) 93 45 74. MONTE CARLO

NNT1 FELLOWSHIP, 9 Rue Louis-Notart, Sunday Worship 11:00 & 6 p.m. Tel: 92.16.56.00. PARIS and SUBURIS HOPE INTERNATIONAL CHURCH (Ever-paical), Sur. 9:30 a.m. Holel Orion, Moto 1: Explanate de La Défense, Tel.: 47.73.53.54 or 47.75.14.27.

SAINT JOSEPH'S CHURCH (Roman Catrolic). Messes Saturday Evening 8:30 p.m., Sunday, 9:45, 11:50, 12:15 and 8:30 p.m. 50, avenue Hoche, Paris 8th 761/2/27/28:58. Metro: Charles de Gaulle -Bolle.

KEHLAY GESHER, a French-Anglophone THE CONSERVATIVE JEWISH COMMUNITY in Pasts "Adeits Shalorn" invites you to join them for Rosh hashornes and Yorn Kippur services. For details and seats, phone 45.53.84.09 or write Adeit Shalorn, 22 bis, rue des Ballas-Faulles, 75016 Paris.

TOKYO ST. PAUL INTERNATIONAL LUTHERAN CHURCH, neer ledebashi Stn. Tel.; 3261-3740. Worship Service: 9:30 a.m. Sundays. TOKYO UNION CHURCH, peer Oppdessor do subvey sta. Tel. 3400-0047, Worship services Surdey 8:30 & 11:00 a.m., SS et 9:45

THE EPISCOPAL CHURCHES

FRANKFURT

GENEVA

EMMANUÉL CHURCH, 1st, 3rd & 5th Sun. 10 n.m. Euchsetst & 2rd & 4th Sun. Merting Prayer 3 rule de Montaux, 1201 Geneva, Swi-zaniand. Tel: 41/22/732/80/78.

CHUPCH OF CHRIST THE KING (Episcopal/Anglican) Sun. Holy Communion 9 & 11 am. Sunday School and Nussery 10:45 am. Sebasties Pirc St. 22, 60923 Fartheldt, Germany, U1, 2, 3 Miquel-Alige, Tel.; 4999 55 01 84.

OF EUROPE (Anglican)

International Baptet Fellowahip, II Birnbo u. 58 (main potence Tapolosenyi u. 7, immediately behind front enternos), 10:30 Bible study, 8:00 p.m. Pastor Ben Hatfield, Tel.; 1158759 & ST. JAMES CHURCH, Sun. 9 a.m. Pile I & 11 a.m. Rite II. Vig Bernardo Ruccilial 9, 50123, Florence, Italy. Tel.: 39/55 29 44 17. 1156116. Reached by bus 11. BULGARIA

INTERNATIONAL BAPTIST CHURCH, Sole, Grand Nacotno Solume Square, Wor-ship 11:00. James Duke, Pastor. Tel; 70/387.

CELLE/HANNOVER NTERNATIONAL BAPTIST CHURCH, Priedensidaths, Flemennstr, 15, Cells, SS 1245, Worship 14:00, 30 min, Drive, 20 min, By train from Harshover, Wallking distance from Cells train station, Paulor Claude Williamson, Tel: 05084-7515.

UN peacekeeping force in Saraje- Croatia, threatened to attack all ties in the self-proclaimed Serbian vo. The Bosman Army said later Croatian military targets if the Cro- state in Croatia called all fighters to that Zuc had come under renewed atian Army did not withdraw Fri-prepare for action, Tanjug said.

DAFMSTAUT/EBERSTAUT BAPTIST MIS-SICN, Bible study & Woship Sundey 10:30 a.m. Stadhnission De-Eberstadt, Busscheler. 22, Bible study 9:30, worship 10:45, Pastor Jim Webb, Tel.: 05155-6009218.

Sarajevo's only power line cross-es a front line on Mount Znc north-west of the capital. It was damaged no immediate UN confirmation.

Serbian mortar fire and the repair day from two villages, the Yngoslav press agency Tanjug reported.

Croatian officials confirmed

UN maintenance crews have re-

to repair utility lines to besieged Iometers (60 miles) southwest of Sarajevo. Either they become targets or the repaired lines are dam-

peatedly been frustrated in efforts

to repair utility lines to besieged

gets or the repaired lines are dam-aged in new fighting. General Mile Novakovic, mili-

DÜSSELDORF

THE AMERICAN CATHEDRAL OF THE HO-LY TRINITY, Sun. 9 & 11 a.m. 10 a.m. Sun-day School for children and Nussery care. 23, avenue George V, Paris 75008. This 3374 47 20 17 92. Melru: George V or Alma Mercees. INTERNATIONAL BAPTIST CHURCH. English, s.s. 10:00, worship 11:05. Children's church and ressery, Mests at the International School, Lauchtenburger Knickneg 2.D.Kalessweth, Riendy etdowship, All denominations welcome. Dr. W.J. Delay, Pastor. Tel.: 0211400 157. ST. PAUL'S WITHIN THE WALL, Sun. 8:30 am. Rie I, 10:30 am. Rie II, 1 p.m. Spanish Eucharist. Via Napoli 58, 00184 Rome, Italy. Tel: 398-474 35 68.

FRANKFURT

INTERNATIONAL CHRISTIAN FELLOW-SHIP Evengelisch-Freikintritiche Gemeinde, Soderessi. 11-18, 8980 Bed Honburg, pho-ne: 06134-23278 or 06196-643350 serving the Frankhat and Taunus arees, Germeny, Sunday wooship 0945, nursery + Sunday-school 1000, women's circle - Friday 0830. Housegroups - Sunday + Wednesdey 1930. Peater M. Lowey, member European Bepfist Carustrian. "Declare His glary arrongal the resions." ALL SAINTS' CHURCH, 1st Sun. 9 & 11:15 n.m. Holy Euchsist with Children's Chapel at 11:15. All other Sundays: 11:15 n.m. Holy Eu-chesiat and Sunday School, 553 Chaussele de Louvein, Chain, Belgium. Tel. 32/2:384-3558. THE CHURCH OF ST. AUGUSTINE OF CAN-TERBURY, Sun. 10 a.m. Femily Eucherist. Frankluter Strates 3, Wiesbaden, Germany. Tel: 49/911.30.66.74.

BETHEL INTERNATIONAL BAPTIST CHURCH, Am Dachstong 92, Fismidut a.M. Sunday worship 11:00 a.m. and 6:00 p.m., Dr. Thomas W. Hill, pasior, Tal.: 089-546058. HAMBURG

INTERNATIONAL BAPTIST CHURCH OF HAMBURG meets at TABEA FEST-SAAL, AM ISFELD 19, Hamburg-Oatdorf. Bible Study at 11:30 & Wornip at 12:30 each Sunday. Tel: 040820516. HOLLAND

TRINITY BAPTIST S.S. 920, Wombip 1020, nursery, warm fellowship, Moets at Bloemcamplaan 54 in Wassensar. Tel: 01751-70024. MUNICH INTERNATIONAL BAPTIST CHURCH OF MLNCH, Hotsit. 9 English Language Ser-vices. Bible study 16:00. Worship Service 17:00. Pastor's prione: 6908534.

OSLO INTERNATIONAL BAPTIST FELLOWSHIP meets at 18:00 at the Flat Baptist Church of Celo, Housenes Steet 22. Contect Pastor Tor Oberg, 670 726 59.

PARIS and SUBURBS BMMANUEL BAPTIST CHURCH, 56 Rue des Bons-Raisins, Ruell-Makmeison. An Europeical charch for the English speeding community located in the western sububs S.S. 9-65; Worship: 10-65. Chibberts Charch and Nussey, Youth ministries Dr. B.C. Thomas, pastor. Call 47-51-29.63 or 47-48,1528 for information.

NTERNATIONAL BAPTIST FELLOWISHP, 8:30 p.m., 123 av. du Maine, Mo Galid, Near the Tour Morspannesse, The evening service of Emmanuel Baptist Church. Call 47.5129.83 or 47.49.15.29.

PRAGUE International Baptist Fallowship masts at the Czach Baptist Church Vinohradska # 68, Prague 3. At metro stop Jirthoz Podebrad Sunday a.m. 11:00 Pastor: Bob Ford (02) 311 0893.

WUPPERTAL International Baptist Church, English, Ger-rran, Pesian, Worship 1030 a.m., Salestr. 21, Wuppertal - Ebedeid, All denominations welcome. Hans-Dieter Fraund, pastor. ZURICH

INTERNATIONAL BAPTIST CHURCH of Waterend (Zirich), Switzerend, Popurbarg-

strasse 4. Worship Services Sun monings 1100. Tel: 1-7002812.

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EUROPEAN **UNITARIAN UNIVERSALISTS** UNITARIAN UNIVERSALIST fellowship &

Thursday that Croats had seized

Citluk and Dovosel, about 100 ki-

matum to General Jean Cot, com-

fnander of all UN forces in former

Yugoslavia, and Serbian authori-

icis in Europe insure: ICELONA: (03) 3149154. ISEELS: Tel.: (02) 6800221 FRANKFUNT/NESSEADER: (0611) 719461. GENEVAMENT: (022) 7741596. NEIDELBRING: (6222) 7 3716 or (49) **COL** (081) 891-0719.

NGCH: (0821) 47-2486. T**HEFILANDS:** (173) 408208. PARES: (1) 42-77-9577. HENERAL INFORMATION: (49) 621-58-1718. CONTENENCE INFORMATION: Nov. 12-14.

ASSOC. OF INT'L CHURCHES IN EUROPE & MIDEAST

AMERICAN CHURCH IN BERLIN, cor. of Clay Alee & Potedamer Str., S.S. 9:30 a.m., Worship 11 a.m. Tel: 030-8132021. BRUSSELS

THE INTERNATIONAL PROTESTANT CHURCH OF BRUSSELS, Sunday School 9.30 a.m. and Church 10x5 a.m. Katterberg, 19 (at the Int. School). Tel.: 673.06.81. Bus 95. Term 94. COPENHAGEN

NTERNATIONAL CHURCH of Copenhegen, 27 Favergade. Variov, near Rådhus, Sludy 10:15 & Worship 11:30. Tel: 31624785. FRANKFURT TRINITY LUTI-ISPAN CHURCH, Nibelungen Allee 54 (U-Behn 5), Sunday School 9:20, worship 11 a.m. Tel. (089) 589478.

GENEYA EV. LLITHERAN CHURCH of Geneva, 20 rue Verdeine. Sunday worship 9:30. in Ger-men 11:00 in English. Tel: (022) 310.50.89. LONDON AMERICAN CHURCH in London at 79 Tot-tenhem Court Road, London W, SS at 945 a.m. & worship at 11 a.m. Goodge street lube; Tet (01) 5802791.

MOSCOW MOSCOW PROTESTANT CHAPLAINCY, UPDK Hall, UL Ulds Palme 5, bldg. 2. Wor-ship 9+11 a.m. S.S. Tal.: 143-3582. OSLO

American Lutheren Church, Fritznergil. 15 Worship & Sunday School 10 a.m. Tel.: (02) 44.35.84. AMERICAN CHURCH IN PARIS, Worship 11:00 a.m. 65, Curi d'Ossy, Paris 7. Bus 63 at door, Metro Alma-Marosau or Irvalicies.

STOCKHOLM MMANUEL CHURCH, Waship Christ in Swedish, English, or Korean, 11:00 a.m. Sunday, Birger Jurisg, at Kungstensg. 17, 46/06/ 15 12 25 x 727 for more information.

VIENNA COMMUNITY CHURICH, Sunday worship in English 11:30 A.M., Sunday school, rursery, interretional, all denomina-tions welcome. Dorotheogesee 16, Vierna 1. WARSAW WARSAW INTERNATIONAL CHURCH, Protestant English language expatitates, Sun-days 11:00 a.m. (Sept.-May), 10 a.m. (June-Aug.); Surday School 955 (Sept-May) UL Microws 21. Tel: 43-29-70.

· ZURICH INTERNATIONAL PROTESTANT CHURCH English speaking, workship service, Sunday School & Mursery, Sundays 11:30 a.m., Schenzengesse 25. Tel.: (01) 2825525.

Accept Russians ment from Croatian authorities or

TALLINN, Estonia — Pope Friday that they must treat minor-

But Serbian rebels on Friday launched their fiercest attack on He arrived from Latvia for a day trip to the Estonian capital to ead the Croatian town of Karlovac since fighting began in the republic his weeklong tour of the three Balmore than two years ago, Croatian tic states - his first visit to countries of the former Soviet Union. The police said that several hun-Estonia, with a population of 1.5 dred mortar and artillery rounds began falling on the town around

cluding a pregnant woman and a child, were killed and more than 20

Language is an issue at the heart of the dispute between Estonians and the 600,000 Russians in Estonia. Estonia has extended automatic right to citizenship only to those whose families lived here before the Soviet annexation of the Baltics in 1940. Others must show some pro-

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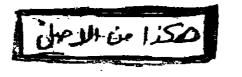
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STATESIDE / COUNTING HEALTH DOLLARS

Senate Clears Bill on Homosexuals in Military

WASHINGTON — The Senate has approved a policy on homosexuals in the military that critics denounced as more restrictive than the one President Bill Clinton proposed two months ago, in a compromise designed to resolve disputes over the issue.

It did so on Thursday in rejecting, 63 to 33, a move by liberals to strip all restrictive language governing homosexuals in the military from the 1994 defense authorization bill and to replace it with a statement that the president should determine the policy in his role

The language on homosexuals, which the House Armed Services Committee also has included in its version of the defense bill generally parallels Mr. Clinton's policy in that it allows homosexuals to serve in the military as long as they do not engage in homosexual acts or disclose their sexual orientation.

But it does not codify Mr. Clinton's proposal to stop the military from questioning recruits about whether they are homosexual. Instead, it says questioning should be stopped but could be resumed if deemed necessary by the defense secretary to carry out overall objectives of the policy.

Wallop Bows to the Term-Limit Groundswell

SHERIDAN, Wyoming — Senator Malcolm Wallop said Friday that he would not seek a fourth term next year because Wyoming voters support term limits.

"The state has spoken very clearly about term limits," Mr. Wallop, a Republican, said, "If you believe in democracy and 74 percent of the people of the state say there should be term limits, I think you have to respect that "

term limits for members of Congress and state legislators. Mr. Wallop, 60, could serve two more terms because the law did not go into effect until this year.

Representative David Dreier, Republican of California, who is trying to round up Republican support for the North American Free Trade Agreement, expressing concern that President Bill Clinton is not as committed to securing passage of the accord as he needs to be: "Now we come back and we've got reinventing government. We've got health care and we've got NAFTA. I want to make sure the eye is on the ball. And the ball is NAFTA because we've got a Dec. 31

Away From Politics

 Hours after being ordered to stand trial for helping a man kill himself, Dr. Jack Kevorkian was on hand at another suicide, the 18th at which he has been present, the police said Friday in Redford Township, Michigan. Responding to a call reporting a suicide, the police found Dr. Kevorkian and a dead man. Dr. Kevorkian was not arrested, and his role in the unidentified man's death was not known.

. The former chief judge in New York state, Sol Wachtler, 63, was sentenced to 15 months in federal prison in Trenton, New Jersey, for threatening to kidnap the daughter of his former lover, Joy A. Silverman. The case grew out of a 13-month campaign of hang-up calls and anonymous, obscene letters that he began after ending his four-year affair with Ms. Silverman.

• An experimental technique that would infuse armies of virus-killing cells into AIDS patients has been approved by a National Institutes of Health committee of experts. The experiment calls for removing antiviral immune cells from AIDS patients, culturing the cells into vast numbers and then injecting them back into patients.

• Boston students returned to public schools on Thursday after the Boston Teachers Union voted to ratify a contract that will make Boston the only large U.S. city to link teachers' pay to the perfor-

5-Year Price Tag For Reform Plan Put at \$700 Billion

By Dana Priest

Washington Part Service
WASHINGTON — President projected to cost the federal gov-ernment an estimated \$700 billion over five years, of which \$105 billion would come from new taxes on cigarettes, alcoholic beverages and some large corporations, administration officials and congressional

sources who have seen the plan say.

About \$285 billion would be financed from savings realized by imposing caps on the Medicare for the elderly and disabled, Medicaid for the poor and other publicly financed health programs, cutting their projected rate of growth by about one-half. In addition, it would use that previously budgeted money to subsidize the cost of health premiums for small companies and low-income workers and to expand some benefits.

Moreover, about \$259 billion would be raised by requiring com-panies that employ Medicare and Medicaid recipients to pay part of their health coverage costs. The White House expects to raise \$51 billion more when employers' costs of providing health benefits de-Clime, as the plan assumes they will.

These savings presumably would result in higher wages, which are subject to federal income tax; comsulting on health benefits is cline, as the plan assumes they will.

Congressional and White House posed on small business." officials emphasized that the plan was still evolving and would probably change somewhat by the time

By Mary Jordan

Washington Post Service
WASHINGTON — The amount of money America

spends on its public schools has soared as much as

health care costs, so that each household now spends an annual average of \$2,348 in taxes to fund schools.

and there is no sign that the investment had improved

A large part of the rise has fattened bureaucracy,

On Thursday, a cacophony of criticism, confusion and enthusi-Bill Clinton's health care plan is asm followed Hillary Rodham Clinton as she traveled to Capitol

Hill to brief House and Senate

leaders on the plan. Liberals questioned whether limits on Medicaid and Medicare spending would result in unacceptable cutbacks in the quality and amount of care. Conservatives, in-cluding members of a potentially powerful coalition emerging be-tween Democrats and Senate Re-

Asked about limits on Medicaid and Medicare spending, the leader of the majority Democrats in the Senate, George J. Mitchell of Maine, said, "The question is whether those costs can be controlled in a reasonable way, and I

publicans, expressed doubts about

government controls on health

believe they can." But Representative James Cooper of Tennessee, a conservative Democrat, said government-im-posed cost controls amounted to heavy-handed, big government, Canadian, control devices that will not be good medicine for the American people."
Senator Phil Gramm, Republi-

to 7 percent added payroll cost im-

According to the White House plan, \$428 billion of the total cost would be spent on subsidies to help the president announced it on Sept. small companies and low-wage workers buy health coverage.

Average School Tax Now Is \$2,348

learning, according to study made public by a biparti-san group of legislators and a former U.S. secretary of per student as wealthy districts.

and other places where taxpayers pay among the most for their schools, the students are among lowest achievers, according to their test scores and high school graduation rates.

Streamlining Means Yet Another Panel

By Michael Kelly New York Times Service

CLEVELAND - In his first official act of "reinventing government" into a quicker, slimmer, smarter creature, President Bill Clinton has created a new government entity.

"I am going today, as soon as I finish talking, to sit down here and sign a new order to my cabinet, to create a Community Enter-prise Board from my cabinet," Mr. Clinton told several thousand people at a Cleveland shopping center Thursday. "Not a domestic policy group to tell people what to do, but a Community Enterprise Board."

A few minutes later, with the stroke of a presidential pen, the deed was done. The Community Enterprise Board, led by Vice President Al Gore and peopled by 17 cabinet secretaries and presidential assistants, joined the 1,250 commissions, committees, boards, councils and advisory groups that already sit in various nooks and corners of government.

But the birth, as it turned out, may have been a trifle premature. The announcement was intended as a "Rego event," a public relations spectacle to build support for the White House's campaign to reinvent, that is streamline, the government.

But the explanation did not make clear what the board would actually do or how. The concept, as Maria Romash, a White House spokesman, acknowledged, is a work

The president said his announcement sig-naled "a new era in the relationship with the national, the state, and the local govern-

ments." But beyond that, he was vague. "What is the practical impact of all that?" he said. "It will be for us to identify neighborhoods in trouble all across America. They will say what they want done. Then my cabinet will sit down and work together and figure out how to do it, not how to tell them to comply with our rules, but how to do what

people need done at the local level." A presidential memo, issued in coordination with the speech, was only slightly more elaborate. In it, Mr. Clinton said the first task of the board would be "to assist in the suc-cessful implementation" of "empowerment

zones," needy areas that are eligible under the 1993 budget act to receive special federal aid. Pressed further, Ms. Romash said the board's overall task would be to "carry the ideas of reinventing government to the streets." It would serve, she said, as "an enforcement tool," pushing recalcitrant bu-reaucrats into line with the sweeping goals outlined in the National Performance Review that Mr. Gore announced Tuesday.

But while the board's mandate is couched in grand terms, its actual design is modest. It has no enforcement powers, no staff, no statutory power to force other entities of the

Helen O'Connell, Big Band Singer, Dies

government into concrete actions. "There is no money appropriated here, no staff assigned, no physical space involved," Ms. Romash said. "The cabinet secretaries will rely on their own staffs."

Henry G. Cisneros, the secretary of housing and urban development and one of the architects of the new board, described it as a gathering of cabinet secretaries and top economic advisers that would meet once a month to coordinate ways to "force" cooperation between federal agencies on problems as large as housing the homeless and as specific as a 10-square-block redevelopment program

If this sounds like a lot of work for a monthly panel with no staff or budget, it is, Mr. Cisneres said.

But not to worry. "I didn't say there's no staff," he hastened to clarify. "I said there would be no new hiring. But my understanding is that the vice president will take some people from his office who worked on the National Performance Review and apply them to this, and we will have some people from HUD we will dedicate to different projects on this." Indeed, he said, "I think every department is going to do this, assign people to the board's projects as needed."

But, he clarified, it would be wrong to think that this would result in something like

a new layer of bureaucracy. "This is just a

way to facilitate, to coordinate, to make the departments do things together that they are

incapable of doing without some direction,"

he said. "That should be obvious."

Wyoming voters last November approved a measure mandating

Quote/Unquote

Representative David Dreier, Republican of California, who is

She went on to become one of the because reducing it will have seri- side Mr. Laroche, taking over on SAN DIEGO - Helen O'Con-

The Associated Press

nell, 73, a big band singer whose songs were popular with GIs dur-ing World War II, died of cancer

Born in Lima, Ohio, Miss O'Connell's singing career took off in 1939 when she recorded "Green Eyes" with Bob Eberle as a vocalist with the Jimmy Dorsey Orchestra.

"There is no systematic link between spending and

academic achievement," said Emily Feistritzer, presi-

dent of the National Center for Education Informa-

tion and author of the study. "Standards, academic

Money's role in improving learning is one of the

most controversial topics in education today. Dozens

of states are now involved in court battles because

rigor and targeted resources pay off."

ing in a Hurry." lack of courage or insidious 'spe-in the 1950s, she worked with cial interests dominating the 'pub-

Dave Garroway on NBC's "Today lic' interest, debate will remain dis-Show." For nine years she was torted and unproductive." hostess of the Miss Universe Pageant, and for several years was a television spokeswoman for Polaroid cameras.

Aaron Wildavsky, 63, A Public Policy Expert

New York Times Service Aaron Wildavsky, 63, a political scientist who was an expert on pub-

lic policy and government budget-ing, died of lung cancer on Satur-day in Oakland, California. Mr. Wildavsky, a former president of the American Political Sci-

ence Association, had taught at the University of California at Berkeley since 1963. In "The Deficit and the Public Interest" (1990), a book he wrote

with Joseph White, the authors said that the nation's "deficit is high Since 1972, he had designed along-

She went on to become one of the most popular female singers during the height of the Swing Era.

She also popularized such songs as "Tangerine," "Amapola," "Until this fact is faced; until policians, the media, and the public "Arthur Murray Taught Me Dancing in a Hurry."

She went on to become one of the because reducing it will nave serious discourage consequences for virtually the conturier's death in 1989.

Bruce Teicholz, 89, a World II Resistance leader who helps save thousands of Hungarian Polish Jews from the Nazis, Tuesday after a long illness lack of courage or insidious special policy.

Zaki Nagnib Mahmond, 88, an Egyptian philosopher and writer whose articles and books were widely read in the Arab world, died Wednesday in Cairo of illness related to diabetes. He wrote exten-

sively about Arab cultural and political affairs. He recently finished his autobiography, "The Harvest of the Years." Guy Douvier, 65, who created ready-to-wear at the Guy Laroche couture house, died Tuesday in Paris after a heart attack. Born in Nouméa, New Caledonia, he studied painting at the Ecole des Beaux-

Arts in Paris before turning to fash-

ion. He worked with Chanel in

1955, for Dior in New York, and

for Antonelli and Tiziani in Rome.

Bruce Teicholz, 89, a World War

II Resistance leader who helped to save thousands of Hungarian and Polish Jews from the Nazis, died Tuesday after a long illness. In 1942, he escaped from his hometown of Lvov, Poland, and became a partisan fighter against the Nazis. starting a group called Schweitzler Aktion to save Jewish children.



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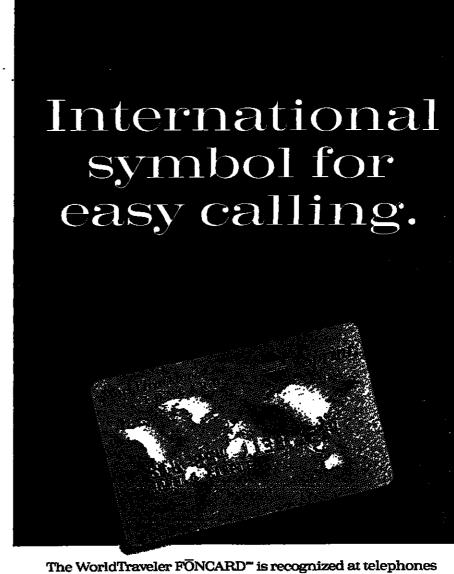
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REACHING FOR PEACE / 'A NEW ERA'

Clinton Says U.S. Will Resume Contacts With PLO

Washington Part Service
WASHINGTON — President Bill Clinton said Friday that the United States would resume contacts with the Palestine Liberation Organization, and he pledged that his administration would be "a full and active partner" in helping Israel and the PLO implement their peace agree-

His endorsement of the Israeli-PLO accord as "the dawning of a new era" for peace came at a White House ceremony where he formally announced that he would be the host at the signing of the self-rule accord in the White House.

The United States was a passive bystander during the seven months of secret negotiations in Norway at which the agreement was worked out. Nevertheless, Mr. Clinton was clearly eager to play a visible role in order to turn Monday's White House ceremony into a launching pad for a renewed effort to resolve those tracks of the peace process involving Syria, Lebanon and Jordan.

"The world owes Norway a great debt of gratitude," he said. But he described the secret talks there as complementary to the formal peace process and said they had succeeded because they had provided a forum in which Israel and the PLO were able to put aside three decades of animosity and PLO could work out problems that had been raised in the engage in face-to-face talks.

more public negotiating rounds here.
"I don't remember the exact date, but we've known for quite a while about the discussions in Norway," Mr. Clinton said in answer to a question. But he said the United States "didn't want to know much of the details" because the PLO

and Israel were talking to each other.

A senior State Department official, who spoke with reporters later on condition that he not be identified, noted that the official Israeli and U.S. policies of refusing to talk directly to the PLO had meant that "the talks here lacked the authority to make decisions," since it was clear that only the PLO had the power to speak for the Palestinian side. During the past week, he and other U.S. officials have

responded to questions about why the United States was on the sidelines during the talks in Norway by quoting former Secretary of State James A. Baker 3d's observation that "the United States cannot want peace more than the parties

■ Accord Is Welcomed Around the Globe Around the world, the Israeli-PLO pact was greeted with enthusiasm and relief. Reuters reported.

"From the start, Russia was certain that dialogue with the PLO was indispensable," said a Foreign Ministry spokesman, Gregori Karasin. He said Russia, which along with the United States has co-sponsored the Middle East peace talks begun in October 1991, viewed the accord as a "historic and

isive step comparable with the fall of the Berlin Wall." Foreign Minister Willy Class of Belgium, representing the European Community's current presidency, praised the "courage and determination" of those who had negotiated the deal and said he would immediately start consultations to intensify EC contribution to the peace process. On Wednesday the EC Commission announced plans to grant

The important thing, they insisted, was not the location or sponsorship of the talks but the fact that the Israelis and the Strip.

CLINTON:

U.S. 'Guarantees'

Confinued from Page 1

be expected to cope handily with

any cross-border military threat in the Gaza Strip and any other terri-tory relinquished to Palestinian

Internal law and order will be the

responsibility, in effect, of PLO units that swap their guerrilla out-

fits for police uniforms, according to a U.S. official. The official said

that the planned arrangements

amounted to "sending the PLO's gangs back to police the areas that Israel had chased them out of."

The most dangerous challenge for the future Palestinian authori-

ties is likely to come from Hamas

and other extremist Islamic groups

that refuse to accept Israel's exis-

tence, not from dissident PLO fac-tions defying the decision by

Warnings against any move to pledge formal security gnarantees to Israel came from several Middle East analysts in Washington.

"Security obligations can be costly and dangerous because they are always undertaken on the basis

of current circumstances and then

do not work out when the circum-

stances change for the worse," said Douglas J. Feith, a former Middle

East specialist on the National Se-

In the past, U.S. pledges to help enforce peace accords have often been made in an effort to get Israel

and Arab nations to take a final

step toward agreement. That pat-

tern worked in promoting the Is-

raeli-Egyptian peace treaty in 1979, and a similar U.S. bid has been

publicly considered in Washington

as a possible incentive for an agree-

ment on the Golan Heights be-

tween Israel and Syria.
"Usually, U.S. pledges on security are intended as leverage to push

Israelis toward territorial conces-

sions that an American administra-

tion wants but which cause anxieties in Israel," Mr. Feith said.

That process worked well in fos-

between Israel and Egypt and

maintaining stability ever since in

the Sinai, but the military arrange-

ments have never been tested by

any belligerent moves from either

Mr. Clinton evoked that prece-

dent, saying that "most people are

probably not even aware of the

long-standing presence of American forces in a multilateral context

in the Middle East in the aftermath

of Camp David because it did work

He said the United States had

not made any specific decisions and would wait for proposals from the parties involved.

The arrangements for a Palestin-

ian entity seem to have scant need

of any outside military help, the

experts said, because the political breakthrough has already been

In Mr. Feith's view, the govern-

ment of Prime Minister Yitzhak

Rabin has concluded that it wants

occupation, hoping that its with-

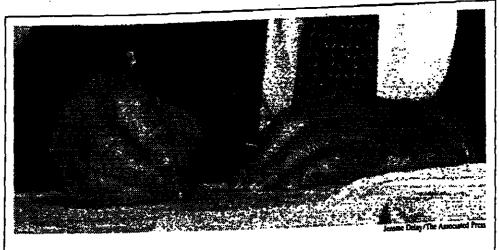
made without such guarantees.

to escape the burdens of continu

drawal will produce peac

curity Council.

Yasser Arafat and other leaders in his movement to renounce violence



Israeli Prime Minister's Statement

The Associated Press

Following is the text of Prime Minister Yitzhak Rabin's statement in English at the signing of the letter to Yasser Arafat, in which Israel recognizes the Palestine Liberation Organization.

I have just received a letter from Chairman

Arafat in the name of the leadership of the PLO in which he takes commitments to recognize Israel and its right to exist in peace and security, to solve the long conflict between the Palestinians and Israel during negotiations in a peaceful way. He takes a commitment to end terror and violence, to renounce it. He takes upon himself to look at the articles of the Palestinian covenant as inoperative

and no longer valid.

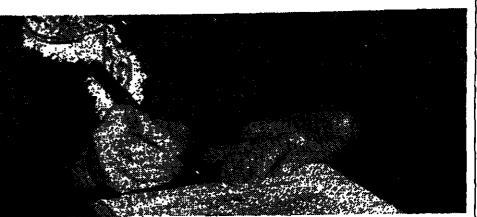
I see in this commitment on the part of the PLO a change, a dramatic change that opens the road toward reconciliation and peace between the Palestinians and Israel.

It is the first agreement between the Palestinians and Israel since the creation of the state of Israel. I am fully aware about the difficulties that face the Palestinians and Israel in a solution of our problems. I see in it a big step toward the achievement of these goals, knowing that it's still a long way to go, with obstacles on the road that we shall have to remove, and it is possible to remove them.

I believe it starts a new era, an era in which we will do our best to achieve peace and security for Israel and at the same time to give the Palestinians the right, in the context of the agreement, about an interim period to run their affairs.

I believe that there is a great opportunity of changing not only the relations between the Palestinians and Israel, but to extend it to the solution of the conflict between Israel and other Arab countries and other Arab peoples. It's an historic moment which hopefully will bring about an end to 100 years of bloodshed, misery, between the Palestinians and Jews, between Palestinians and

I would like to thank you, Mr. Jorgen Hoist of Norway for your real efforts, for your involvement with the achievement of these papers. I want to thank you Shimon [Peres] for your efforts to bring about a success. As I said, it's only the beginning, but a tremendous, important beginning.



2 Signing Ceremonies, and 2 Styles

The signing of the historic letters officially put-ting an end to decades of conflict between Israel and the Palestine Liberation Organization was a study in contrasts.

Yasser Arafat, chairman of the PLO, signed the letter recognizing Israel at a low-key occasion in the organization's offices in Tunis. Only the Norwegian foreign minister, Johan Jorgen Holst, who brokered the deal, and a few senior Palestinian leaders were present

There was no official ceremony and no speeches. Mr. Arafat kept quietly in the background, disappointing hundreds of journalists who had expected him to make a speech.

Mr. Holst put the letter in his briefcase and took it to Jerusalem, where Prime Minister Yitzhak Rabin countersigned it, along with a text for the first time recognizing the PLO as the representa-tive of the Palestinian people.

At a dignified ceremony at his office, also attended by Foreign Minister Shimon Peres, Mr. Rabin carefully read the foor-page letter from Mr. Arafat to an audience of officials, uniformed army officers and journalists. He said it was the start of "a new era."

As he spoke, his voice mingled at times with chants of hundreds of rightist Israeli demonstrators outside shouting, "Death to Arafat."

High Praise for Norway Mediator's 'Little Role'

OSLO — Foreign Minister Johan Jorgen Holst has sometimes been criticized for getting too involved in encyclopedic details and for preferring behind-the-scenes diplomacy. But these failings turned to strengths as he brokered negotiations between Israel and the Palestine Liberation Organization in which every detail of the deal leading to mutual recognition was essential.

Mr. Holst, 55, and four other Norwegian mediators - including his wife, Marianne Heiberg, a Middle East researcher - provided Israeli and PLO negotiators with an informal family atmosphere in the meetings, backed up by good food and wine. The couple even played host to some of the 14 rounds of talks at their Oslo home.

The talks were often close to crisis," said Mr. Holst, who confessed that he had hardly slept for weeks. He said he felt humbled by But he won nothing but praise for it. Mr. Holst. a former defense minister, be-

came foreign minister in April, taking over from Thorvald Stoltenberg, who resigned to become a the United Nations peace mediator in the former Yugoslavia.

"I took over a baton in a relay," he said of the Middle East talks.

Mr. Holst said in April that talks on Norway's European Community membership, which began this year, would be his main challenge and that he would try to contribute to efforts to end war in the former Yugosla-via. But he gave no hint of the PLO-Israel

Mr. Holst has said that both sides saw Norway as an honest broker, which had special knowledge because of a Norwegian research project into the living conditions of Palestinians in Israel's occupied territories that was conducted in the late 1980s. worked to shift Norway's relations with Russia away from the confrontation of the Cold Last year, he ran into trouble from the

As defense minister from 1986 to 1989, he

parliament for failing to consult before sug-gesting to Russian officials that they might like to take part in a North Atlantic Treaty Organization naval exercise off Norway. Kaci Kullmann Five, head of the main opposition Conservative Party, said earlier this year that she had had "bad experience with his ability to listen and communicate

with parliament." Born in Oslo on Nov. 29, 1937, Mr. Holst has a master's degree from Oalo University, Abroad, he did research work at Harvard University and at the Hudson Institute in

He was a candidate to succeed Secretary-General Manfred Worner of NATO last year, until Mr. Wörner's term was extended

What About This? And This? And This?

By Sabra Chartrand New York Times Service

WASHINGTON — The mutual recognition accord and draft peace agreement between Israel and the Palestinians leave many questions unanswered, both large and small, about the practical aspects of creating two autonomous regions. Among them are:

JERICHO'S LIMITS: The Gaza Strip has clear borders, but how will

the boundaries of Jericho be drawn? Will the autonomous enclave include only the small town, or extend to unpopulated and agricultural land around Jericho? How will the border be marked -with a fence, patrolled on both sides by security forces? How will people who live in Jericho but work in other parts of the West Bank or in Israel cross the border each

LINKING TWO SPOTS: The draft agreement refers to the Gaza Strip and Jericho as "a single territorial unit," but how will they be linked? The current plan does not include a corridor, although previous peace initiatives suggested one. So will there be an express shuttle? If the areas are autonomous, will Palestinians traveling between them have to pass through Israeli security checks?

TRAVEL: What documents can Arabs carry that Israelis will accept? Palestinians now use identity cards issued by the Israeli government. Will those still be necessary for travel, or will they be replaced by Palestinian passports? Will Palestinians have to travel overland through Israel to Amman, Jordan, or to Cairo or to Tel Aviv for international flights? Or will they be able to build an airport in Jericho or Gaza? Where will Palestinians in Jericho and Gaza get the drivers' licenses now issued by

PLO'S FREEDOM: How free will the PLO chairman, Yasser Arafat, and his aides be to cross Israeli territory to get from Gaza to Jericho, or to Jordan, or Egypt? There have been reports that Mr. Arafat plans to keep a residence in Jericho. Will he be able to drive to Tel Aviv if he needs to fly

POLICE: The draft agreement calls for a Palestinian police force. Will the Palestinian police officers who resigned in the first year of the Palestinian uprising five years ago be rehired? The PLO has already said that many of its fighters, now scattered throughout the Arab world, would become police officers. Would these include some of the PLO fighters that the Israeli Army evicted from Lebanon in 1982?

BUREAUCRACY: Who will help establish new government agencies?
Palestinian-run schools and hospitals already function under Israeli authority. But what of creating government agencies to control tax collection, social welfare, tourism, economic development, environmental issues and energy resources? At least initially, there is likely to be a shortage of trained Palestinians from Jericho or Gaza to take on those

ELECTIONS: Palestinians must elect an interim self-government authority, or council, under the agreement. Who will organize the elections, register voters and political parties, and draft campaign regula-tions? How will candidates advertise? Israelis run all the television and radio stations. Will the Palestinians be able to start up stations in time to

carry campaign ads and provide election coverage?

OTHER ISSUES: What currency will be used in Gaza and Jericho?

Will the telephones operated by BEZEK, the Israeli phone company, still function? Will mail delivered by the Israeli Postal Authority still arrive? If Palestinians run Gaza's ports while the Israeli Navy controls the Mediterranean, who will decide where and when Arabs can fish at sea?

Palestinians: Where They Stand A list of Palestinian organizations and their positions on the

Israeli-PLO autonomy accord and the recognition of Israel.

Fatah. The largest single Palestinan movement, led by Yasser

Democratic Palestinian Union. A breakaway faction of the Democratic Front for the Liberation of Palestine led by Arafat's spokesman Yasser Abed Rabbo. Palestine People's Party, formerly the Palestine Communist

Party, led by Suleiman Najjab.

Popular Front for the Liberation of Palestine, led by Georges Habash. PFLP announced Friday that it was withdrawing from the PLO's Executive Committee.

Democratic Front for the Liberation of Palestine, led by Naver Hawatmeh; withdrew Friday from the PLO Executive Committee. Palestinian Liberation Front, led by Mohammed Abbas. Arab Liberation Front, led by Mahmut Ishmail.

Popular Struggle Front, led by Samir Goshe. Popular Front for the Liberation of Palastine - General Command, the leader, Ahmed Jebril, has threatened to kill Yasser Arafat.

Saiqa, Syrian-backed group led by Issam Qadi.

ied by Abu Musa. Has called for Arafat to be killed.

Shafik Hout, the PLO's representative in Beirut, said he could not tolerate "the concessions made by the leadership." He said he was particularly upset because the accord did not appear to take into account the late of Palestinian refugees in Lebanon.

In other Arab capitals, some of the most radical groups in the Palestinian nationalist movement denounced the accord as a sellout of their rights and vowed to do all they could to sabotage Mr. Arafat's

tion to the century-old conflict of two people vying over the same

In Amman, Jordan, Abdul Ra-

Abdullah Hourani, the head of the PLO's cultural affairs department, said he would also boycott further meetings of the Executive Committee.

Palestinian guerrilla fotces. Ahmed Jebril, a former Syrian

army officer who heads the Popular Front for the Liberation of Pales tine-General Command, predicted this week that Mr. Arafat would be inated. He said the mutual recognition pact marked "a black day in the history of Palestinians" and insisted that "time will prove

Hamas and Islamic Thad continued to denounce "traitors and sellfrom Iran's Islamic government, which has supported those groups, vowed to undermine the recogni-

Meanwhile, Mr. Arafat pleaded for financial contributions from the Western world and for his former benefactors in the Gulf Arab states to step up contributions and help the PLO and Israel show that ian goal," he said, "to take the peace can pay off with economic conflict out of the region and enmesh other countries. Certainly we

"We need something like a Mareven more so if these groups lack a shall Plan to make this peace contiguous border with which to work." said Yasser Abed Rabbo, a

Continued from Page 1 and Israel could take some time, "But certainly the process lead-

ing to resolving all the problems as they relate to Israel and Jordan the beginning will be very, very soon," he said. (Reuters, AP) ■ Chance for Reconciliation Clyde Haberman of The New York Times reported from Jerusa-

the king said.

As he signed a starchly worded letter declaring Israel's recognition of the Palestine Liberation Organization, Prime Minister Yitzhak Ra-bin said Friday that history had handed Israel a chance for reconcil-

iation with the rest of the Arab world and not just the Palestinians. "I believe that there is a great opportunity of changing not only the relations between the Palestinians and Israel but to extend it to

other Arab peoples," Mr. Rabin which Israelis and Palestinians said at a signing ceremony whose simplicity belied the seismic shift in Middle Éast relationships.

"It is an historic moment which hopefully will bring about an end security and forswearing terrorism to 100 years of bloodshed, misery and other violence. between the Palestinians and Jews, and Palestimans and Israel," he

In addition to progress on an Israel-Jordan agreement, some Israeli officials have said they hope in the ongoing talks in Washington to put their negotiations with Syria on a fast track. But there was no sign of that happening for now. Rather, the focus was on the Is-raeli-PLO mutual recognition

agreement, although in many re-spects it was a day of anticlimax. The real deals had finally been struck on Thursday.

In Jerusalem, it was as though the solution of the conflict between people needed to catch their breath

ACCORD: Jordan Expects Peace Agenda With Israel Israel and other Arab countries and after an extraordinary 24 hours in turned decades of agonized history on its head, recognizing each other and, on the PLO's part, affirming Israel's right to exist in peace and

> Mr. Rabin's signing of a letter recognizing the PLO as "the repre-sentative of the Palestinian people" followed by about 10 hours a similar event behind closed doors in Tunis, where Yasser Arafat, the PLO chairman, signed letters recognizing Israel, renouncing terrorism and calling for a "normalization of life." As expected, the ceremonial

flourish was followed in Washington with an announcement by President Bill Clinton that the United States would resume a dialogue with the PLO that had been broken off in 1990 after Palestinian guerrilias made a failed attempt to attack an Israeli beach. Also as expected, the Americans

said that arrangements were being made for a large White House ceremony on Monday when Israel and the PLO will sign a companion agreement to introduce Palestinian self-rule to Israeli-occupied territories, starting in the Gaza Strip and the West Bank city of Jericho. Foreign Minister Shimon Peres

of Israel was expected to attend the Washington ceremony for Israel, while Mahmoud Abbas, also known as Abu Mazin, the chief PLO negotiator for accord on selfrule, was expected to represent the PLO.

Soldiers Shoot 10 In Gaza Protests

Soldiers shot and wounded 10 Palpied Gaza Strip on Friday, witnesses said.

The shooting came as Muslims left the mosques after Friday pray-ers. Six people were shot in Rafah, on the border with Egypt, as the army fired on masked Palestinians in a demonstration. A 16-year-old boy was seriously wounded in the

about 300 people protested the PLO's accord with Israel.

Non-PLO groups opposed: Islamic Jihad in Palestine.

Fatah-Intifada, breakaway from Fatah, based in Damascus and

ARABS: Arafat Faces a Revolt

resign and would strive to work within the organization to change the decision. Other opponents said they could no longer go on serving in Mr. Arafat's cabinet.

DAMASCUS — Palestinian groups opposed to the accord between Yasser Arafat, the Palestine Liberation Organization leader, and Israel called Friday for the creation of an alternative PLO and said they would ask Iran for help to counter the West's "grand bribe"

About 10 groups allowed to operate information and coordination offices here issued denunciations to Tehran, said there would be high-level contacts lashing out at Mr. Arafat and declared they were not soon with Iranian officials. concerned with the current PLO's commitment to the renunciation of violence against Israel.

Ahmed Jebril, the secretary-general of the Popular Front for the Liberation of Palestine-General Command, a splinter group based here, said in an interview that guerrilla groups would form a broad coalition with Israel as an "unforgivable sin"

Opponents Urge 'Alternative PLO' based on the Palestinian masses and "rising Islamic

He challenged the PLO leader, saying he would not be able to hold a meeting of the Palestine National Council, the Palestinians' parliament-in-exile, as he usually does in Algeria, because of the threat from Islamic fundamentalists.

Mr. Jebril, who has made no secret of his connection "We look to Iran as an ally," he said. "The Iranians

have an interest in backing us, because if the battle with us is over, the war will be directly against them in the Gulf."

He attacked the blueprint for self-rule worked out

REBELS: Arafat Is Keeping His Rivals Off Balance

Continued from Page 1

refugee camps of the Gaza Strip. However, a Hamas leader, Abdelaziz Rantisi told The Associated Press that the organization would not attack the PLO over the agreement with Israel, but instead indicated it would continue attacks on Israeli soldiers in the occupied ter-

The other threat to Mr. Arafat comes from the dissident factions within the PLO, or opponents in Damascus and other Arab capitals. Bruce Hollman, an anti-terrorism specialist with the RAND

Corp. in Santa Monica, California,

said getting Syria to support the

peace process - or at least abstain

from attempting to wreck it - could be one of the most critical factors in making it work.

"If Syria is brought into the peace process, it will have a profound mitigating effect on the level of terrorism," he said. "It would mean that the countries sharing common borders with Israel would jumping off points for terrorist at-rope and the United States.

He added that Iraq, Iran and Libya would continue to support radical rejectionist groups but that these would be smaller and less can expect this to be replicated effective because of their geographical distance.

In Tehran, a leading cleric, Ava- attack Israel itself."

the 1979 Camp David agreement between Egypt and Israel, which the Iranians bitterly reject. not be amenable to being used as the world, including Western Eu-

Mr. Hoffman warned that if the radical groups were thwarted in the occupied territories, they could turn to terrorism in other parts of "That's always been a Palestin-

the accords "a plot" on a scale with

him Mallouh of the Popular Front

for the Liberation of Palestine and Tayseer Khalid of the Democratic Front for the Liberation of Palestine declared that they were withdrawing from the ruling commit-

The PLO leadership has not only recognized Israel but also its right to exist on Palestinian lands," Mr. Mallouh said. "That happened without Israel's recognition of the existence of the Palestinian people and their legitimate national

In Damascus, Palestinian hardliners sheltered by President Hafez. Assed demanded that Mr. Arafat be executed on grounds that he betrayed the rights of his people. Sayed Musa, leader of the Fatah Uprising group, described the pact as "national treason" and asked that Mr. Arafat be put on trial by

that this is not a peace agreement." In the Gaza Strip, members of the Islamic fundamentalist groups ers of Palestinian lands." Officials tion pact.

Actual Signers Still in Doubt Ranking PLO Official, and Foe of Pact, May Refuse

Compiled by Our Staff From Dispatche WASHINGTON — More than 1,000 dignitaries could attend a White House ceremony on Monday for the signing of the peace agreement between Israel and the Palestine Liberation Organization.

ic importance of the occasion," a senior White House official said. The biggest uncertainty involved who would sign the accords for both sides. Foreign Minister Shimon Peres of Israel is expected to represent Israel. But PLO will have problems if it, too, is to be represented at the

The event on Monday should match the histor-

foreign minister level because the leader with the rank of foreign minister, Faronk Kaddoumi, is strongly opposed to the agreement. In Tunis, PLO officials said Friday that the architect of the autonomy deal, Mahmond Abbas, would sign the agreement if Mr. Kaddoumi re-fused to go. Mr. Abbas, who is also known as Abu Mazen, is in charge of the PLO's department of Arab and international affairs.

"If Farouk Kaddoumi, head of the PLO's political department, refuses to go to Washington to sign the accord," Mr. Abbas will go in his place, the Palestine Liberation Organization's information department said. Mr. Kaddoumi said earlier this week that he

Palestinian people and the PLO charter."

President Bill Clinton said Friday that it was up to Israel and the PLO to decide who would sign. "Whoever they decide will be here is fine with

believed that the autonomy and recognition ac-

cords "harm the inalienable national rights of the

The PLO had hoped that the United States could persuade Prime Minister Yitzhak Rabin of Israel to attend, so that Yasser Arafat, the PLO leader, could also come, said a U.S. official who spoke on condition of anonymity. Mr. Arafat said Thursday that he would like to go to the White

The White House press secretary, Dee Dee Myers, said Friday that there was likely to be a series of daylong events built around the main event -a signing ceremony on the South Lawn of the White House. Details are still be worked out, she said. She said invitations would be issued to former Presidents Richard Nixon, Gerald R. Ford, Jimmy Carter, Ronald Reagan and George Bush. Former secretaries of state also will be invited, she said. The gnest list is also likely to include highranking officials from countries that have been

involved in the Middle East peace process. These would presumably include officials from Russia, which co-sponsored 22 months of peace talks; Egypt, which has backed efforts in the region; Norway, where the series of secret talks occurred that produced an agreement on Palestinian self-rule, and France, where other secret talks took place.

Secretary of State Warren M. Christopher also intended to invite his predecessor, James A. Baker 3d, who worked to set up the Middle East peace taiks, officials said

Jacques Delors, president of the EC Commission, was also a possible guest, mainly because the European Community has pledged hundreds of millions of dollars to help carry out the accords.

Agence France-Presse GAZA, Occupied Gaza Strip -estinians protesting the PLO's rec-onciliation with Israel on the occu-

In Gaza City, soldiers clashed with supporters of Hamas, the Islamic Resistance Movement, as

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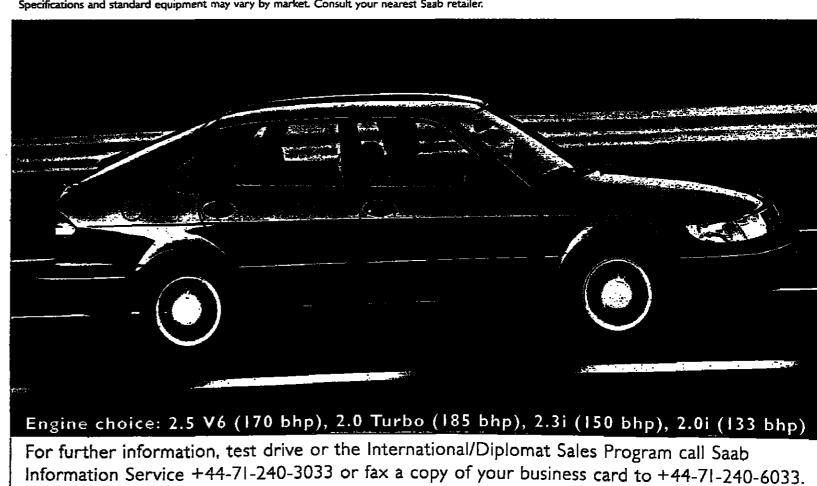
It was rammed in the side at 54 kph. All doors are packed with shockabsorbent foam. The side-protection-system deforms defensively while absorbing collision force. Occupants are housed in a reinforced steel safety cage that deflects high-speed collision forces. Result? A battered new 900 with safety cage intact. Passengers would have been shaken, but alive. For 25 years, our safety engineering

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*Centre head restraint is an option Specifications and standard equipment may vary by market. Consult your nearest Saab retailer.



NATO Leader Urges Admission of East Europeans

By Tom Buerkle

International Herald Tribune BRUSSELS -- The head of NATO made the clearest call yet on Friday to bring the nations of Eastern Europe into the alliance, saying that one of the organization's chief goals must be "to project stability to the

Manfred Wörner, secretary-general of the North Atlantic Treaty Organization, said the West should seize on the opening created by President Boris N. Yeltsin, who recently declared that Russia would not oppose Poland's bid to gain membership in NATO.

"The time has come to open a more concrete perspective to those countries of Central and Eastern Europe which want to join NATO and which we may consider eligible and the Czech and Slovak republics. for future membership," he said.

"Even if there are no immediate plans to enlarge NATO, such a move would increase foreign policy," he said. "But we know the the stability of the whole of Europe and be in whole operation must be taken in steps." the interest of all nations, including Russia and Ukraine."

Mr. Worner, who spoke at a conference sponsored by the International Institute for Strategic Studies, made it clear that he would be pushing NATO members to ease their opposition to early enlargement in the enhancing ties in the North Atlantic Cooper-

months before a January summit meeting ation Council, a forum created in 1991 to of Europe's own military capabilities called to chart the alliance's future.

ation Council, a forum created in 1991 to of Europe's own military capabilities bring together NATO and the countries of through the Western European Union,

Defense Minister Volker Rithe said Germa- Union. ny would press at the summer manning.

NATO commitment to admit new members. would press at the summit meeting for a

developing NATO, also give a perspective to the East European states who will join the EC in the future," Mr. Rühe said. He spoke after a meeting with Foreign Minister Krzystof Skubiszewski of Poland. Mr. Skubiszewski said Warsaw expected NATO to give the same kind of commitment

to eventual membership that the European Community recently extended to East European nations, particularly Poland, Hungary

"In our opinion, we are already ripe, given our economic growth and the stability of our

Washington remains cool to the prospect of NATO membership for East European nations. Secretary of State Warren M. Christopher said earlier this summer that membership for them was not on the immediate agenda and that effort should be devoted to

One U.S. official in Brussels acknowledged that Mr. Yeltsin's recent statement of Europe to defend its own interests," he "It is important that we, in reforming and had "given a lot of momentum" to early said. membership for East European nations, but he said Washington and most of its NATO allies remained cautious.

"They all know that behind the scenes in Russia there are different views on this," this an Community to act as a single political official said. Mr. Wörner also called for a strengthening Alliance," Mr. Delors said.

His stance drew support in Bonn, where Eastern Europe and the former Soviet which groups nine EC countries. "Public opinion in the United States will not be indifferent to what it perceives as the failure

> That view was echoed by Jacques Delors, the president of the EC Commission. The WEU must become a veritable European defense structure allowing the Europe-

Russia Warns Iran on Azerbaijan

Continued from Page 1

mats say that in many of the outly-

ing villages where crops have failed and international sanctions have

weakened an already rudimentary

economy, many lives are in peril.

man rights violations. "There are

plenty of people on the borderline

On top of nature's hardships this

region's reputation for determined

political conflict, dating from a wave of demonstrations that forced

out the dictator Jean-Claude Duva-

lier in 1986, has made it the scene

military repression since Father Aristide's overthrow.

of police stations are plastered with

wanted notices for people suspect-

ed of supporting Father Aristide's

return, and nightly raids by army auxiliaries have emptied entire vil-

lages and led to mass arrests and

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UN observers say that the walls

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day to refrain from shows of force along its border with Azerbaijan and said Iranian the Azerbaijani border contributes not only troop incursions into Azerbaijan risked to an escalation of the conflict" with Arme-

sons, will meet with neither understanding "restraint"

nor support from Russia." a Foreign Minis-MOSCOW — Russia warned Iran on Fri-try spokesman, Gregori Karasin, said.

The fact that Iranian troops have crossed

spreading the conflict in the region to other nia "but pushes it to dangerous limits of internationalization," Mr. Karasin said.

"We have made clear that certain actions He called on Tehran, which has reinforced from the Iranian side, whatever their rea- troop strength in the border region, to show

For many in Haiti, religion, whether Christian or Vaudou, has become one of the last refuges. As one young woman said, while telling of her vision during the re-

cent ceremonies of the president's "Children are going to bed for restoration: "When Aristide two or three days without food," comes, if God is willing, all of this said Charles Joseph, head of the will change."

Gonaïves of fice of the international observer mission set up by the ■ U.S. Trains Bodyguards United Nations and Organization The United States is training of American States to monitor hu-

scores of Haitians to serve as bodyguards to Father Aristide, The Associated Press reported from Portau-Prince.

The announcement came Thursday, a day after the police failed to stop the shootings, knifings and beatings of Aristide supporters out-side City Hall. Mayor Evans Paul said 5 people had been killed and 31 wounded in the attack, which took place as he reclaimed the office taken from him during the

1991 military coup. From 40 to 60 Haitians are being trained by U.S. experts to protect Father Aristide on his return, Stanley Schrager, a U.S. Embassy spokesman, said. The training is taking place in the United States, he said.

TOPICS Black Lawyer Defends Texas Klan Leader Have You Seen Me?

The grand dragon of the Texas Knights of the Ku Klux Klan, Michael Lowe, who is fighting state demands that he surrender his membership lists, is being de-fended by a black attorney for the American Civil Liberties Union, Anthony P. Griffin, The New York Times reports.

AMERICAN

Although Mr. Lowe, a Waco carpenter, told a Klan rally last year that America should "put the Negroes back in the cotton he said he never discounted Mr. Griffin's legal abili-

"I'm a segregationist, but I'm not a white supremacist," he

The defense attorney, Mr. Griffin, is charging no fee. He also serves as chief counsel to the Texas branch of the National Association for the Advancement of Colored People, Some of Mr. Griffin's NAACP colleagues were outraged when they found out that he was representing the Klan and demanded that he resign. He refused, and now the NAACP's national leadership is considering whether to expel

"The Klan says some vile and vicious and nasty and ugly things," Mr. Griffin, 38, said. "O.K., it's hard for me to say this, but the Klan has a right to

say them." Since its founding in the 1920s, the 300,000-member ACLU has often represented unpopular people and causes. In 1977, it defended the right of American Nazis to march in Skokie, a Jewish suburb of Chicago, and lost thousands of members In 1987, it defended the right of the Palestine Liberation Organization to maintain an information office in Washington.

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There have been no known cases of polio in the Western Hemisphere in the last two years, according to officials of the federal Centers for Disease Control,

citing information from the Pan

ANY REWARD? —In a parody of the practice of printing the images and descriptions of missing children on milk cartons, engineers at NASA's Jet Propulsion Laboratory in Pasadena, California, tried to soften the loss of the Mars probe. parent trend. Eli Callaway, American Health Organization. whose clubs lend the industry They said the last case occurred with nearly \$200 million in annu in Peru in 1991. If no new cases al sales, said. "We say our clubs are reported in the coming year, and if rates of vaccination reare designed to bring greater satisfaction. But we do not say it main high, the Pan American

The Washington Post headline that the disease has been eradiput it. "It Don't Mean a Thing it cated from the hemisphere, the You Ain't Got That Swing." officials said. Only one disease smallpox, has ever been declared eradicated worldwide, the last A Los Angeles carpet cleaning cases having been reported in 1977 in Somalia. While polio is company ran an ad for "Carpet Steam Cleaning — \$15 per in retreat worldwide, thousands Room." It went on to say, of cases continue to be reported When we say \$15 per room, we in the former Soviet Union, Chimean \$115 per room!" The Los na. Vietnam and India. Angeles Times commented that this was "a typo that makes it Although the average golfer's spending on new clubs jumped markedly in the in the late 1980s sound as though the company will really take you to the clean-

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before subsiding, golf scores re-mained unchanged — for ordi-nary golfers and for profession-With the National Football League season just starting up, radio station KFAN in Minneals as well. The handicap of the 4. million golfers who regularly reapolis promises "impartial, unbiport their scores to the U.S. Golf ased coverage of the Vikings and Association has remained steady their pitiful, pathetic oppoat 16.2 since 1980. For the pros. nents.

Arthur Highee

will lower your handicap." Or as

farmes Coll

SOMALIA: UN Defends Helicopter Attack on Crowd HAITI: Religion and Politics Meet

CNN Somali staff members were The intractan battle, repeated mortar attacks on UN bases and several reported incidents of snip-ing and grenade-throwing at UN troops made it a particularly vio-

lent day in the capital. A UN military spokesman reported Friday night that Somali guerrillas had fired more than two dozen mortar rounds and rocket grenades at UN bases and the city's international airport. There were no reports of UN or American ca-

sualties in the clashes on Friday. The number of Somalis killed and wounded in the U.S. helicopter attack on Thursday was still difficult to determine Friday, U.S. military officials estimated at a private UN briefing that at least 60 including Somali militiamen, but also women and children - had been killed as UN troops backed by U.S. helicopters battled General Aidid's guerrillas. The guerrillas had ambushed the peacekeepers as they were trying to clear barricades on an industrial highway called 21 October Road.

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TODAY . PAGE 7

refuse to give casualty figures but say casualties were likely to be high because tanks and helicopters were firing heavy caliber weapons in

close-quarters urban combat. General Aidid's Somali National Alliance asserted that 150 Somalis had been killed and 300 wounded. An statement by the group called the U.S. helicopter assault "a mas-sacre," and said that "knowledgeable sources" had confirmed that the U.S. Army's clite Ranger unit, and the Delta force here, were members of the die-hard Ku Klux

Klan fascist organization." An Aidid spokesman, Hussein Dhimbil, said that most of the Somali dead were civilians and added. We ask the world to stop the fight-

ing."
Two hospitals in Mogadishu were filled with more than 100 Somalis wounded from the violence on Thursday, many of them women and children. Most of the wounded said they had not been involved in

the attacks on UN forces. The American and UN officials who defended the attack described all of the women and children who

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Officially, U.S. military officials were actively engaged in shooting

troops.
Colonel Mike Dallas, commander of the U.S. "quick reaction force," who was in the air over the site at the time of the attack, said, "I believe the people we engaged on the ground were armed combatants

and militia-persons." "I saw women interspersed with militiamen throughout the entire

Major Stockwell, the UN spokesman, said: "Everyone on the ground at that particular point was a combatant, whether they carried an arm or not. We view all of the participants as combatants."

And the commander of Pakistani troops in Somalia, Brigadier General Ikram Ul Hasan, said that women and children had begun to of constant political violence and swarm around his soldiers as they tried to clear Somali barricades off a notoriously dangerous stretch of highway. He said that his troops had first tried to disperse them with tear gas but had found it ineffective at halting the large and violent crowd. "The women and children all of the women and children who would throw stones, some would throw Molotov cocktails," he said.

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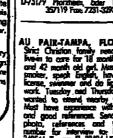
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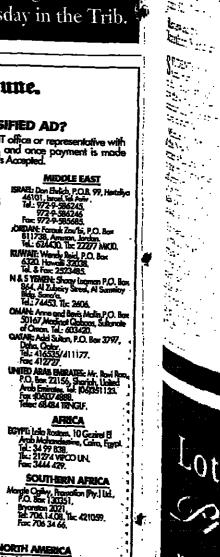
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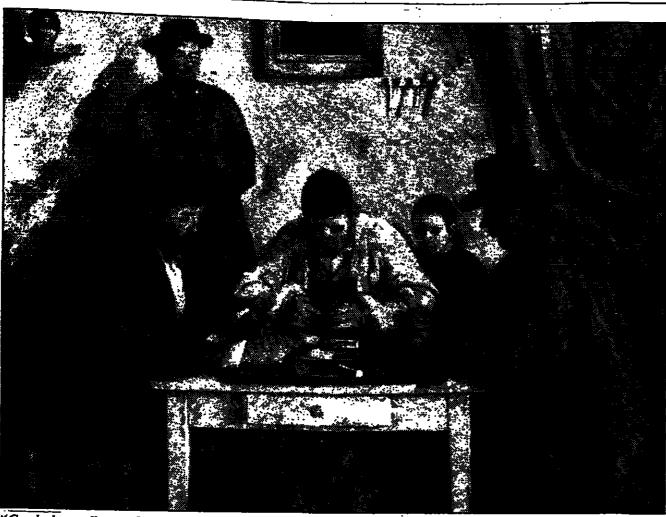
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"Card-players," one of 20 outstanding paintings by Cézanne in the Barnes collection.

Barnes Collection Comes Home

By Michael Gibson International Herald Tribune

ARIS - The famous Barnes collection has finally reached Europe, after several months at the National Gallery in Washington. Although the exhibition, at the Musée d'Or-

say through Jan. 2, includes only 72 of the 2,000 works assembled by the brilliant and idiosyncratic Dr. Albert C. Barnes in the first half of this century, these are outstanding examples of 20th-century European paintings. The exhibi-tion will travel to the Museum of Western Art in Tokyo, Jan. 21 through April 7.

Barnes's will stipulated that the works

housed in the Barnes Foundation in Philadelphia could be neither loaned to other institutions nor photographed in color and, while these provisions have been overturned by the courts, it appears most unlikely that any of these paintings will again be seen outside the foundation building in the foreseeable future.

In this instance, faced with the need to re-

store the building sheltering the works and, conceivably, pressured by the gunboats of the democratization of art," the foundation decided to allow some of the paintings to be exhibited elsewhere.

The decision has inevitably prompted controversy. On the day the exhibition opened at held a press conference in Paris. Travel, they claimed, is dangerous for certain works and the prolonged absence of so many of them jeopardizes the educational program conceived by

The public can hardly complain, however. The importance of this show hinges upon the exceptional quality of the works presented, and upon the conclusions we are led to draw from the life and accomplishments of Barnes him-

Albert C. Barnes (1872-1951) was born in Kensington, a working-class district of Phila-delphia, where his father was a butcher. An exceptionally brilliant youth, Barnes graduated

from medical school when he was only 20 and, two years later, moved to Berlin to study clinical medicine and experimental physiology. Re-turning to the United States, he spent six months studying psychopathology in a mental institution in Warren Pennsylvania.

Toward the end of the century, the pharma-ceutical company that had hired him as director of sales and advertising sent him to Heidelberg to study pharmacology. At his own initiative, he also took philosophy. he also took philosophy.

Shortly thereafter he and the German chem-

ist Herman Hille invented a substance that turned out to be effective against eye inflamma-tion, and called it Argyrol. This was the source of Barnes' considerable fortune. His factory became a focus of pioneering social experiments. He reduced work to six

hours a day, created study groups for his workers and, being particularly concerned with creating educational opportunities for black Americans, he encouraged black and white em-ployees to reflect together on the writings of Henry James, Bertrand Russell and John Dew-

Affluence also allowed Barnes to indulge his far-reaching intellectual interests. He was among the first to defend the ideas of Sigmund Freud in America. In time he became fast friends with John Dewey, who later declared he had never met anyone who equaled Barnes in

sheer brain power. In 1912, Barnes at painting, began taking an active interest in collecting. He sent ans old school friend, the painter William Glackens, to Paris to buy modern paintings. Glackens met Leo and Gertrude in, as did Barnes, who followed him a few months later. They introduced him to the finest artists of the day.

Barnes, with his insatiable intellectual curiosity, bent his keen mind to understanding what art was about. He applied his knowledge of Freudian psychology to the creative act and, while some of the key factors escaped him, he published various essays including his 1925
"Art of Painting" which Alfred Barr Jr. called
"an important book."

Barnes, who considered Renoir the greatest painter of his day, bought at least 175 of his works, 17 of which are on view at Orsay. These include some charming items: a large Renoir family portrait, a delicious portrait of Jeanne Durand-Ruel as a little girl, as well as a number of nudes typical of that artist's easy-going sen-

Cezanne is represented by 20 outstanding paintings, including some admirable still-lifes and a monumental version of the famous 'Card-players," whose modest participants appear to have been transfigured and transported into eternity. Van Gogh's endearing portrait of his postman friend Joseph-Etienne Roulin is coupled with a highly significant but repulsive-

EURAT'S large composition entitled "Poseuses" shows three studio-models posing in front of his "Grande Jatte," and Toulouse-Lautrec's sensitive portrayal of his favorite model, Carmen Gaudin, casts her, this one time, as a weary young

Barnes bought several major paintings by Henri Rousseau, three of which are on view. They include a marvelously dreamlike scene in which an Arab on horseback is seen driving off a voracious tiger that is attacking his fallen contrade. The horse looks like some strange steed conceived for a Steven Spielberg movie.

Picasso, Modigliani and Matisse are three of the remaining major figures who are significantly represented in this exhibition, each one by works of exceptional quality. Matisse's Bonheur de vivre," which Leo Stein found disconcerting when he first saw it in 1906, can still seem strange today. It is, in a sense, a manifesto in the shape of a painting and, as such, it stands beside Picasso's "Demoiselles

d'Avignon" as a key painting of this century. All these paintings are presented not in the temporary exhibition space but, exceptionally, in the main part of the Orsay Museum, occasionally mingled with other works by the same artists belonging to the Orsay collection.

At Auctions: What Recession?

shots of the opening art auction season were being fired this week. The outcome is astonishing. It is as if there had been no recession.

The big sale was held at Phillips on Wednesday where the subject was European Pottery and Porcelain (with a small contingent of glass) ranging from English delftware to porcelain from famous manufac-

SOUREN MELIKIAN

tures - Derby, Meissen, Vienna. The rare and exquisite appeared in small doses, the pleasant run-of-themill was abundant - not least one sensational discovery of the kind that takes place once in a decade helped concentrate attention.

The story as told by John Sandon, Phillips' leading expert in ce-ramics, is delightfully simple. Sandon had gone off to Wales to make a selection for Wednesday's sale out of 1,000 pieces from an estate. They had been gathered over a couple of decades by a man whose profession Sandon will not reveal and who took up dealing as a hob-by. Was he highly knowledgeable? "He had a very keen eye for the unusual," Sandon says.

As he went through it all, the expert's eye was caught by a vessel that looks as if it had been made from leaves molded in clay under a pretty glaze known as "Littler's blue," with gilt patterns added in blue," with gilt patterns added in a second firing. Sandon instantly rec-ognized the shape, well known in Longton Hall porcelain in the 1750s. The gilding on the other hand, reminded him of the porcelain made in the Scottish manufacture of West Pans. But this was salt-glazed stoneware, not porce-

lain. The object fitted nowhere. At this point, Sandon showed the nystery vessel to Bernard Watney, e president of the English Ceram-Circle, who wrote the reference book on Longton Hall porcelain. Watney remembered related blue stoneware pieces, albeit not so fine. which had been sold at Christie's in October 1970. These came from the Duke of Buccleuch and Queensberry whose house at Dalkeith is only 10 miles away from West Pans.

Things began to fall in place. Sandon knew that William Littler with his partner Aaron Wedgwood had supplied blue-glazed stone-

wood from 1749 to 1763. The style was different from that of West Pans. In 1770 Littler left for Scotland to found the manufacture at West Pans. As Watney informed Sandon, recent excavations have revealed that he produced blueglazed stoneware as well as porcelain. Sandon realized that he had stumbled upon the only surviving piece of blue-glazed stoneware from that period decorated with the gilt patterns otherwise reserved for porcelain. A wave of excitement

ware to Thomas and John Wedg- have met with the approval of Picasso doing ceramic designs at Vallauris - and things could not have 20ne better for English pottery. Much the same is true of the Eng-

lish porcelain that followed. Two bottles of the late 1750s from the Bow manufacture in London, finer in shape than most I have seen and painted with sprays in the restrained English style, were a marvelous buy at £3,320. Later, a pair of Royal Crown Derby ewers decorated by Desire Leroy, that every dealer and



A West Pans bowl that started at £300 brought £3,780.

Wednesday the object climbed to the period. But, Brian Haughton, £3,780 (about \$5,820), very far the well-known London porcelain above the conservative £300 to £500 estimate.

The room was overexcited by then. The next two outstanding rarities went through the roof. A teapot in so-called Whieldon ware molded on two opposite sides with the portraits of George III and Queen Charlotte, probably to commemorate their accession to the throne in 1760, shot up to £4,140. The delicate glazing with alternate bands of almond green and other and its mint condition despite its brittleness helped. But a more severe Staffordshire teapot with Chinoiserie patterns under a chocolate glaze nearly multiplied its estimate fourfold at £3,335, despite massive restoration to the cover.

Add the generous £12.650 paid for a Charles II period charger with ochre pomegranates and green and Jo Marshall, one of the departblue leaves — in a style that would ment's three experts who conduct-

dealer who underbid them, says they are of extraordinary rarity in that

What makes Wednesday's sale a true market success, however, is not so much the brilliant sale of the gems everybody was after. It is the easy and highly successful sale of any piece that was at all worth looking at. A Caughley cabbage leaf jug, with a molded mask on the underside of the pouring lip, exquisitely colored but not rare, made £322. A Derby plate painted with flowers in the manner of William Billingsley, unusual with its gar-land forming a five-pointed star pattern but not earthshaking, ascended to £207.

There was hardly any lapse of interest at any point. Countless commission bids had been left with

there's a lot to be said to seeing a

department. He became director in

way, detached and courtoous, never rushing bidders as could have been done three decades ago.

One good sale says little. What does say a lot, added to that, is the success of two downmarket sales this week. On Wednesday, at Christie's South Kensington, precisely at the time when Phillips was holding its sale, James Collingridge was conducting a sale of furniture best defined as the last rung in the ladder before you get down to junk.

The homey pieces ranged from pleasing unpretentious 18th- to mid-19th century furniture, rarely in mint condition, to Edwardian revivalism and downright modern copies. More than 82 percent of the lots offered sold which, given the nature of the merchandise, is assonishing --- only complete duds, generally by virtue of condition, were left stranded. No one looking at the massive mahogany bureau à cy-lindre (rolltop desk) or at the Victorian dwarf side-cabinet with its fussy inlay and bow-glazed side compartments would have sworn they would find buyers. But sell they did — the rolltop desk for £1,870, the side cabinet for £1,760. There is no shortage of Louis XVIstyle giltwood canapés (settees) of the late 19th century, yet one more managed to pull through at £1,210.

N Thursday, the scene at Christie's South Ken-sington switched to the Far East. Very different in its makeup, it was not an easy sale either, on the face of it. It started with a large contingent of cloisonné enamels of the kind sought after essentially by the Western clientele. In other words, by collectors with modest means, worst hit by the economic difficulties of the moment. But it all sold. The earlier pieces were well-re-ceived, from the 18th-century in-cense burner (£902) or the small circular box and cover of the same period (£220) to the large moon flask (£935) of the Jiaqing period (1796-1821).

The late Japanese enamels produced en masse for export to the West in the Meiji era were as much in favor, which is more surprising. In a typical sequence, three late 19thcentury dishes went for £550, £275 and £418. In the end, over 80 percent of the lots were sold. Failure stemmed mostly from excessive damage or lack of any age.

In both Christie's South Kensington sales, the anctioneers were experts in their fields who knew what is what and who was who. Like the John Sandon-Jo Marshall team at Phillips, they are auctionhouse hands of the old school who do not believe in playing around with estimates nor in forcing the bidder to climb higher than he plans to. There is more than coincidence in the high scores that all achieved in sales differing in quality and price range. This probably

Oldenburg Resigns as MOMA Director

E. Oldenburg, the di- exhibition space. rector of the Museum of Modern Art for the last 21 years, has resigned, effective and his decision to step down is 1969 as director of its publications June 30. During his tenure, Oldenburg oversaw the expansion of the museum building to more than double its size, increased both the museum's endowment and its attendance and helped organize sev-

eral blockbuster exhibitions. The resignation of Oldenburg, 59, apparently came as a surprise to some members of the museum's board. Since early this year, the museum has been considering a reorganization of its administration.

work alongside Oldenburg, and it is growth. "I could never have been able to see it through and I think EW YORK - Richard actively searching for a secondary

> seen by many in the art world as a way of clearing the decks for a new

> "This wasn't an easy decision to make, but I think it's for the best." Oldenburg said in a telephone in-terview. "As the museum approaches the 21st century, I believe there should be new leadership to

carry out the museum's mission." Oldenburg said he felt it was better to step aside "sooner rather than later," and he added that he recog-Last January, it announced its in- nized how much work would be tention to hire a paid president, to involved in the institution's further

1972. After he steps down as director, Oldenburg will become the museum's director emeritus and serve as an honorary member of the institution's board of trustees. sets the tone of the opening season.

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BOOKS

THE ROAR OF THE CROWD: How Television and People Power Are Changing the World

By Michael J. O'Neill. 228 pages. \$21. Times Books. Reviewed by Jonathan Yardley

C TUDENTS of political and cul-) tural events will find little new in this once-over-lightly survey of how the world has been changed by communications in general and tele-

vision in particular. Michael J. O'Neill, former editor of the New York Daily News, has written what amounts to a synthesis of the most important knowledge and opinion on the subject; the result is that those in the know are likely to regard "The Roar of the Crowd" as little more than a primer.

But because he paints his portrait with broad strokes and presents infermation lucidly, O'Neill's primer will be of great use to many lay readers who would like to get a handle on the communications revolution but have been scared off by the jargon-infested prose with which so much of its literature is infested. with every other.

"An astonishing surge in new communications technology,"
O'Neill writes, "has for the first time in history put nearly all the earth's peoples in continuous, emotional contact with one another.

Radio, television, computers, and satellites flood the world with images and information, expanding the universe of daily experience, accelerating the tempos of life to nervous limits, and compressing nations into ever closer, more dependent, and tenser relationships." In O'Neill's analysis this revolu-

tion has six clear aspects: An explosion of knowledge has reached the masses, breaking "the monopoly of the world's literate classes;" societies shaped by mass media are com-ing to dominate the world; what O'Neill calls "people power" is becoming near-universal; leadership is becoming responsive to media demands, with telegeneity becoming more important than ability; media-dominated politics have led to a style of governing more reactive than reflective, controlled by emotive public opinion manipulat-ed by the media; the old world as television puts every nation and its people in immediate contact

The clear fact is that the masses manipulated, by the clite are now in a position, thanks to television, to form opinions about events affecting their lives and to demand

What we have as a result is the "revolution of rising expectations" of which Adlai Stevenson spoke four decades ago, though he cannot have imagined either the causes that would produce it or the effects it would have. The collapse of the elite turns out to be a decidedly mixed blessing. If on the one hand it has brought a welcome democratization to public affairs, on the other it has led to special-interest politics and paralysis of leadership.

once-powerless are acquiring pow-

that until recently were led, and that those opinions be respected:

"The poor . . . see in the living magery of the screen what is poss ble as well as what is wrong in their lives. They learn from the experiences of others that human misery is not necessarily a mandate of fate. redeemable only in a later life, but something that one might be able to overcome in the present world."

"Television uniquely sweeps knowledge across the barriers of ages and sensory stimuli. It creates mpressions instead of ideas and emotions instead of thought." This

What is most evident is that the literacy." O'Neill writes, "trans- mass media has developed not for more than words, and emotion forming all of life into moving imnator culture but also a lowestcommon-denominator politics.

is scarcely an original observation, his opinions to himself, preferring but O'Neill places it in proper con- to analyze rather than pontificate, text, emphasizing the ways in but he is worried about the future which a society dominated by the of a world in which pictures count

for more than reason. He has reason to worry. "People power" is all well and good, but power without For the most part O'Neill keeps knowledge is something else again.

Jonathan Yardley is on the staff of The Washington Post.

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To Honor This New Peace

Generous Aid Is Vital

Yasser Arafat urges Palestinians to reject violence and work for reconstruction, development, cooperation and "the normalization of life." The Palestine Liberation Organization renounces armed struggle and recognizes Israel's right to exist "in peace and security." Israel recognizes the PLO "as the representa-tive of the Palestinian people."

Yes, you are reading these words in the newspaper. The Middle East, biblical land of miracles, has spawned these modern-day astonishments that almost defy belief.

That is not all. Having recognized each other, Israeli and PLO officials will sign an agreement Monday in Washington on the first stages of Israeli military withdrawal and Palestinian self-rule in the Gaza Strip and West Bank.

The world is entitled to some skepticism. But the most constructive contribution Americans and others can make would be to quickly mobilize the moral and material support needed to translate these agreements into

Credit is due to two aging combatants: the former general Yitzhak Rabin and the former terrorist Yasser Arafat. There is no moral equivalency to their pasts. But there is a mutually recognized symmetry in their present accomplishment. Prime Minister Rabin takes a wise and brave gamble that he can better protect Israel's security, democracy and values by a responsible political compromise than he could by indefinite occupation of Palestinian lands. Mr. Arafat, the PLO chairman, risks his

Ahead, Heavy Lifting

Startling change around the world in recent years has compelled a wholesale revision in thinking about what is possible and what is not. Still, an awful lot of people are bound to find it impossible to imagine that Israel and the PLO are coming to terms. Their feud was a consensus choice for the last to come to settlement. So bloody and bitter, so historical, so "cultural" was it generally deemed to be that even when the United States drew Israelis and Palestinians into talks two years ago, few believed agreement was within reach. Yet these inveterate foes, after protracted secret negotiations, now agree on mutual recognition and are about to apply Palestinian selfrule and Israeli withdrawal in Gaza and Jericho in the West Bank. Thoughts of deepening and broadening these measures are stirring. For the diplomats, much heavy lifting lies

ahead. Look how far the conditional "mutual recognition" just agreed upon is from what people elsewhere would mean by that term: The PLO agrees to recognize Israel's right to exist, while Israel agrees to recognize the PLO as representative of the Palestinian people for maintaining the peace talks.

For the politicians, the work is no easier. They must protect their experiment in peace-

"New Democrat" who would tie government

help to reciprocal obligations. Originally he

promised to offer all Americans enough money

to attend college if they performed public ser-

vice for a few years in return. When the presi-

dent got down to proposing a budget plan that

would whack \$500 billion off the deficit, his

grandiose promise quickly shriveled. But the

prestige and his life by standing up to radicals who hold out for the same maximalist demands he himself used to proclaim.

That both protagonists are looking over their shoulders at political challengers and sense that their own time is running out does not diminish the historic nature of their agreement. When lifelong enemies embrace, and each ties his political future to the successful working out of a delicate compromise, peace has a rare chance.

But with violence and suspicion endemic in the occupied territories, that chance is fragile. Irreconcilables on both sides are sure to challenge the emerging peace. How will Palestinian police in Gaza and Jericho respond to outhreaks of terrorism? How will the Rabin government react if Israeli hard-liners seize on terrorist provocations to demand the scrapping of peace arrangements?
Ordinary Palestinians are more likely to

rally behind the agreement's territorial compromises if they see material improvements in their daily lot. But a quarter-century of occupation, violence and neglect has run down infrastructure, bled capital and wasted potentially productive lives.

Israel and the PLO bave taken the vital first steps. Will the outside world protect their accomplishment with financial support for the rebuilding Mr. Arafat urges in place of vio-lence? By assembling a generous and carefully targeted package of reconstruction and development aid, the world can bonor this welcome opening toward peace in the Middle East. - THE NEW YORK TIMES.

making from the many citizens in both camps who have doubts, not to speak of those, especially on the Palestinian side, who have guns. The geopolitical and local considerations that drew the parties out of hostility and into negotiation are far from guaranteeing practical success. The parties and most observers had become accustomed to saying that only a vigorous American role would make Israeli-Palestinian talks work. Yet the breakthrough was made in

secret meetings of which the United States was not even aware. This may bruise some Americans' pride, but it cannot be cause for official malingering. The American role was always conceived of, by its wisest advocates, as facilitator and safety net. In this context, the United States has done, and still must do. plenty. In the Cold War and Gulf War. Washington set the strategic stage. It set up the peace talks, which produced a back-burner initiative that would have been inconceivable without the front-burner stimulus. It now endorses and prepares to sustain the emerging new order. The Clinton team is being chided for irrelevance and detachment by some of the people who usually argue that in these matters Washington is too frontal and pushy. What

counts is what happens on the ground. - THE WASHINGTON POST.

Herald International Cribune Mideast Peace: Fine Words Backed by Solid Commitment Mideast Peace: Fine Words Backed by Solid Commitment

WASHINGTON — Words, words, words. That is all we have from the Israelis and Palestinians as they wrap up the first, declaratory phase of their promised peace. But what fine words they are. They offer authentic hope that the long war between these two old enemies can be ended

This is not to overestimate the immediate effect of Yasser Arafat's letter to Yitzhak Rabin, giving in on every important point the Israeli prime minister sought, or of Mr. Rabin's simple one-sentence recognition of the Palestine Liberation Organization as a legitimate player in the peace talks. History suggests that broad declarations promising peace over the horizon do not bring quick change on the battlefield.

Think back to Henry Kissinger's "peace is at hand" in Vietnam in 1972, and earlier to Charles de Gaulle's bold offer of a "peace of the brave" with Algeria's revolutionaries while France's last colonial war escalated, The greatest death toll in Algeria, and in many other cases, came while peace talks were under way. It may be the tragic case that Palestinians and Israelis still have a lot of dying to do while

their leaders negotiate.
Hard-line critics of the accord in
Israel and within the Palestinian

By Jim Hoagland

as proof that peace with the beasts on the other side is not possible.

ment to working together that has not been shaken by the first challenges

But that view is 100 narrow and reflexive. Incredibly, Israelis and Palestinians have established a foundation for working together to over-come the upheaval sure to follow the signing ceremonies in Tunis, Jerusalem and Washington.
The initial actions of Mr. Rabin,

Foreign Minister Shimon Peres and Mr. Arafat, the main architects of this deal, all point to a solid commit-

to the accord. Conventional wisdom holds that the deal struck in secret in Oslo is precisely the same one that Mr. Ara-fat could have had after the Camp David accords of 1978. In a formal sense that is true. The PLO chairman has accepted the interim arrangements for autonomy on the West Bank and in Gaza that he and the rest



ago. But there is a major difference.

If he had accepted Camp David in
1978, Mr. Arafat would have been negotiating with an Israeli govern-ment determined to thwart any deal that would have required Israel to

give up territory in the West Bank.
The Palestinians now deal with a Labor-led coalition that has an open mind about what the future holds for the West Bank. Since word of the secret Oslo accord broke, Mr. Rabin, Mr. Peres and the key Israeli negotiator in the Washington talks, Ambas-sador Itamar Rabinovich, have been artfully vague on all topics, including Jerusalem and future security ar-

rangements for Israeli settlers.
This refusal to gloat over Mr. Arafat's signing of a document of surrender is a promising sign. It suggests that the Israeli leadership understands that just as Israelis had to be reassured by the renunciation of terror and of the belligerent Palestinian covenant, the Palestinians need to be reassured about Israeli intentions to bring an end to the occupation begun by the 1967 war.

But the Palestinians would be fool-

ish if they joined Mr. Begin's successors in the Likud coalition in thinking that Mr. Rabin and Mr. Peres, who were central architects of larael's 1967 triumph, have suddenly gone ga-ga and are recklessly gambling with Is-

raeli security on the basis of Mr. Ara-fat's promises. Mr. Rabin is playing the de Gaulle card in using the politics of force to shape the environment for peace. Earlier decisions to deport 400 Palestin-ians and to bombard Lebanon for a week, attacked abroad at the time. renewed his government's credibility at key moments on the road to Oslo.

THE TRIB IND

KONOMIC SCEN

thallenging the

Disalety in An

The Likud and the PLO overestimate both the inevitability of a Palestinion state springing up on the West Bank and the impact that developmeat would have. Appearing on U.S. television the other night, a PLO offi-cial, Nabil Shaath, argued that founding a state would relieve Palestimian frustrations and remove the desire of Palestinians to commit violence against Israelis.

That seems as exaggerated as the Likud view that any kind of Palestinian state increases the means available for the murder of more Israelis. States are what people, their leaders, their economic resources and their neighbors make of them, not preordained instruments of love or violence.

it is not written in the stars that there will be a Palestinian state, or a Palestinian-Israeli peace. Everything is open. That is the magnificent accomplishment of this first phase of the Israeli-Palestinian peace effort.

The Washington Post.

The Risks Will Not End But the Opening Will

By Roger Harrison

COLORADO SPRINGS — Those opposed to the historic agreement toward peace in the Mid-dle East argue that it will lead within a few years to a Palestinian state and therefore to the fatal undermining of Israel's security.

How great is that risk? First, it may very well be that the outcome will not

be an independent state.

Many Palestinians will privately admit that independence makes no sense, and that confederation with Jordan is by far the better choice. There are enormous economic benefits to be gained by removing artificial barriers to communication, travel and trade in the area. But whether independent or not,

any new Palestinian anthority in the occupied territories will have to be far less concerned with Israel's destruction than with its own survival.

A new Palestinian administration on the West Bank would preside over

an economy less than 2 percent the size of Israel's, with an output of about \$1 billion a year. It would have no army worth the name and no means of acquiring one, since all the money squeezed from reductant Gulf states will be required

for more urgent problems. And these

will be legion, including dire needs in

nearly every sector of society — basic services like education, health care and public transportation. The new leaders will have to build government institutions from the ground up. They will also have to keep the aid flowing, and assure continued income from Palestinian

workers in Israel. But aid and income will flow only if the new government There will also be immediate security problems to contend with - not

from Israel but from radical Arabs.

We have heard clear declarations of hostility from militant Palestinian leaders like Georges Habash and Nayef Hawatmeh. Nor is it likely that the militant group Hamas will quietly

concede Fatah's preeminence.
Suppose the radicals win the battle for control and the new Palestinian government evolves into a center for terrorism. That would not be a happy outcome, but it is hard to see how this development would be a greater threat to Israel's existence than

Among other things, a radical Pal-estinian state would be surrounded by nations with no interest in sup-porting it. Egypt, Jordan and even Syria (assuming an agreement is reached on the status of the Golan Heights) will all have a stake in peace.

None would welcome the increase

in power of radical interests that a militant state would portend. They would all have potent means of influencing the new Palestinian leaders. Nor would the Gulf states look favorably on such a development. So

any move in a radical direction would mean estranging the Palestinian lead-ership from its main sources of political and economic support. But what if the fundamentalist fever

spreads throughout the Middle East,

toppling moderate governments in Egypt and Jordan and the despotic but cantious leadership in Damascus? A danger surely, but not one Israeli occupation helps deter. The fundamentalists and other radicals have used the occupation for decades as their chief rallying cry — their "lad-der to power," in King Hussem's phrase. Removing that ladder will determined to scuttle any agreement. And what, finally, if realpolitik does not work? What if hatred and

The Challenge of All This Good News

By Flora Lewis

THE HAGUE - The roller-coaster ascents and I plunges through international scenery in the past few years have been dizzying. We are winipped from euphoria to distress and back. No wonder brows furrow and people ask uneasily what is becoming of the world. Now, facing the extraordinary approach of an Arab-

Israeli peace accord, it is important to take counsel from israeti peace accord, it is important to take counsel from these experiences and understand the sober challenge of good news. Solutions are a beginning, a whole new set of headaches, even if they put an end to far more dangerous threats and open heartening opportunities.

In less than four years, barriers which seemed insuperable have crumbled. Germany has been remitted. The countries of Fusters Fusions are four Scutt Africa.

The countries of Eastern Europe are free, South Africa has rejected apartheid and is working out a functional democracy. The Soviet Union and its Communist system have collapsed. The European Community has achieved its single market and is on the way to enlargement and, I do not doubt, firmer unity.

Already some Israelis are talking about a future Palestinian state and some joint responsibility for Jerusalem. The prospects have suddenly become quite good for Israel to reach peace accords with all its neighbors, a profound change in the geopolitical situa-tion of a vital region. The direction is set.

But disillusion and disappointment are inevitable if these dramatic changes are taken to mean no more trouble ahead. The wars in Yugoslavia and parts of the ex-Soviet Union demonstrate that people can always be counted on to get themselves into trouble somehow, and that despite the exhibitrating surprises of recent years it always takes effort, choice and conscious will

But there must be a recognition of how much better the choices have become and of how much more rewarding the efforts now required can be. Is it really easier to

hold out grimly against the worst than to draw on resolve to make use of chances for better? I don't think so, if relief isn't foolishly transformed into indifference. This has been a terrible, terrifying century, but there

have been useful lessons. They are above all that the past cannot be undone but the future is not inevitable. it is constantly shaped by the present, sometimes in unforeseen ways.

The ravages of the past do not disappear with its conflicts. They have to be achingly cleared away, ruin

by ruin, as the new work of construction is undertaken. This is painfully evident in the former Communist countries. Economically, environmentally, psychologi-cally the damage was much greater than was realized. Just lifting old constraints does not make the world anew. There never was a golden age to recreate. There

were better times and worse times, and although nature plays a part, it is mostly people's behavior that makes them so. That awareness must be the crux to moving on now. Coming all at once in so many parts of the world, the tasks imposed by the opportunities look overwhelm-

ing even depressing compared with the resources readily at hand. All these trouble spots need money, support, assurances to help launch new societies, to open new productive patterns. After so much pain and misery in reaching the new thresholds, this is not the time to flinch. Ashes will not sprout roses overnight, but seeds are being sown and merit careful, energetic cultivation. The people directly involved bear the greatest burden — and the greatest

risk, not by making peace but by failing to grasp for it.

They deserve all the encouragement the rest of us can provide, with the understanding that there will be setbacks but that nothing so great as the obstacles already overcome. They will be making peace and prosperity for all of us, too.

O Flora Lewis.

bitterness blind Palestinians to their own best interests? To believe that this will happen one has to accept a caricature of the Palestinians.

With Israel and the Palestine Liberation Organization about to acknowledge each other as human beings, the rest of us should recognize that the overwhelming majority of Palestinians are not radicals dreaming of Israel's destruction, but busi-

Bosnia: After All the Empty Threats, It's Time to Accept Partition

mothers who are as sick of suffering under the occupation as their Israeli occupiers are sick of imposing it. That majority sentiment has been submerged for years under a blanket

of radical pressure and hopelessness. Now it can make itself felt —another reason to be thankful. Any peace settlement in the Middle East involves risks, as Israel's foreign minister, Shimon Peres, has been

for peace are better now than they have ever been, and very likely better than they will ever be again. If the time is not right now, it will never be right, and who can happily contemplate that prospect?

The writer, who served as political counselor in Israel from 1985 to 1987, retired in July after three years as U.S. nessmen and workers and wives and the first to admit. But the conditions this comment to The New York Times.

- THE NEW YORK TIMES. Other Comment

A Start on National Service

Congress handed President Bill Clinton his first major policy victory this week when it passed his national service initiative. True, the three-year, \$1.5 billion plan is small compared with tuition grants of about \$9,500 and subsis-

to the \$11 billion program he originally pro-

posed. But it is a worthy start for a good idea. two years in schools, hospitals, playgrounds

lay at the center of Mr. Clinton's claim to be a governments and nonprofit institutions can

National service, along with welfare reform, and anywhere else that participating local

put them to good use.

boost three years hence.

A Point of No Return

American lawmakers, pension directors, investors and corporate officials had better start now to dismantle the combersome apparatus of South Africa boycott. The African National Congress will soon ask those in the world community who have imposed sanctions to reverse course. Nelson Mandela says he expeets the ANC to ask for the lifting of sanctions very soon. Many observers expect that by the end of this month.

As early as the end of next month, South Africa will have a multiracial Transitional Executive Council that will have veto power over government actions and watchdog authority over all government activity, including security forces. For those who wondered if South Africa would ever really switch from white rule to one-person-one-vote, this is the point of no return and the reason for ending what's left of sanctions.

This transition in South Africa has one important feature in common with the end of the Cold War (which helped to make it possible) and to the embryonic peace in the Middle East: It is the real thing, ending the old order, leaving the new up for grabs. Apartheid, as a legal system and government, is dead.

Having given the vounger generation every

- The Baltimore Sun.

incentive to be militant, the ANC is now caught in a youth rebellion it cannot control, Nor, with the first multiracial election barely eight months away, is it inclined to scold and so risk alienating its more ardent supporters. More seriously, it is allowing the fantastic expectations of its supporters to get totally out of hand. What today arouses in me most apprehension for the future in South Africa is not the failure to reach unanimity on the shape of the constitution, not even the ghastly cycle of violence in the townships, but the certainty that these expectations are bound to be disappointed. This will lead to disillusionment among many blacks, with incalculable consequences.

The fact that budget restraints have forced

the program to start small may be a disguised

blessing. The administration can tightly su-

pervise the program, make it work well and

then prove to Congress that it warrants a big

- F. W. Deedes, writing in The Daily Telegraph (London).

A Show of Courage

The state of Israel and the PLO have taken a historic step and concluded an era in the history of the Middle East.

Mutual recognition is posthumous confirmation that President Sadat of Egypt, who was murdered in 1981, was right when, in-stead of indulging in procrastination and strong words, he showed courage.

S TOCKHOLM — The Sarajevo newspaper Oslobodenje was giv-en an award last weekend by two Scandinavian papers, Dagens Ny-heter of Stockholm and Politiken of Copenhagen. The award consisted of money and newsprint, both needed

That is what Yesser Arafat and Yitzhak Rabin are doing now.

- Frankfurter Allgemeine Zeitung (Frankfurt),



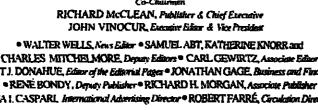
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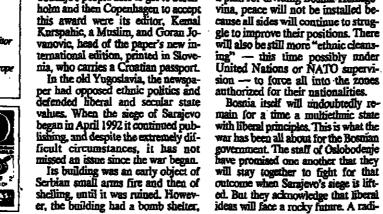
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By A. M. Rosenthal

N EW YORK —Here on the table is a recent open letter to President Bill Clinton urging the United States to lead a Western air war against Serbia to save Bosnia and

Bosnian Muslims And here, in the newspaper, is Mr. Clinton telling the president of Bosnia to make the best partition deal he can with the Serbs and Croats because the United States will not be

coming to the rescue.

The letter was signed by some outstanding people in literature, journalism, diplomacy and politics, who have studied and spoken on Bosnia with thought and consistency.
On Bosnia, Mr. Clinton and his aides have been consistent only in place, could have been prevented be-

by a paper whose story is one of the remarkable ones of Sarajevo's siege. Before the Yugoslav war, Oslobo-denje was a large metropolitan daily. It had been founded during World

War II as a Resistance journal (its

title means "liberation"), but in

peacetime prospered as a commercial

50th anniversary of publication.

newspaper. Last month it marked its

Its staff had always been a mixture

of Yugoslav national groups, more or less accurately reflecting the makeup of Sarajevo's population itself, with Serbs, Croats, Muslims, Jews and

mixtures of various nationalities.

This remains true. The two of Oslo-

bodenje's people able to get to Stock-

confusing the world. And yet I think it is the president who is right to say take partition, and signers of the letter wrong to ask him to continue and expand the war by attacking Serbia. It is wrong because it is too late, because we cannot pick up the shards after the bombing, because Western war against Serbia could spread war through and beyond the Balkans and

probably destroy Boris Yeltsin, be-cause neither Europe nor the American people want it.
Attacking Serbia will do nothing except make bloodier the end of a war that never should have taken

By William Pfaff

and publishing operations were even-tually moved there. Living quarters for the staff have also been impro-

vised there, since the newspaper is at

the edge of a battle line, and coming and going is dangerous. Several of the paper's employees have been killed by fire from the Serbian lines.

Other Oslobodenje journalists have been killed outside Sarajevo, covering the war, and three are listed as missing. Still, journalists have kept the paper publishing by a collective effort in which personal interests have largely been abandoned.

It is an edifying story, which is

unlikely to have a happy ending.

Optimism is scarcely imaginable

about the outcome of this war. Even

if the currently suspended Geneva negotiations produce signatures on a plan for dividing Bosma-Herzego-

vina, peace will not be installed be-

cause all sides will continue to strug-

gle to improve their positions. There

will also be still more "ethnic cleans-

ing" — this time possibly under United Nations or NATO supervi-

sion - to force all into the zones

Bosnia itself will undoubtedly re-

authorized for their nationalities.

main for a time a multiethnic state with liberal principles. This is what the

war has been all about for the Bostian

government. The staff of Oslobodenje

have promised one another that they

will stay together to fight for that

fore it began or stopped after it started. It was not the result of immutable historic forces but of the combined catalytic catastrophic stepidity and arrogance of officials in Western Europe, the former Yugoslavia and the United States.

I have never been more separated on an issue from so many colleagues. friends and political kinsmen I respect. I discount all the sudden hot warriors, the journalists and politi-cians who had made a career of hounding the armed forces they now summon to action, who would have watched Saddam Hussein gobble up huge parts of the Middle East.

At Oslobodenje, the Struggle Goes On

taking place. The government's leader-ship may not survive. Oslobodenje editors still want Western—above all, U.S.—military intervention, not because Bosnia's war has much chance now of being won, but because measured action against Bosnian Serbian forces and against Bosnian Serbian forces and their headquarters could prevent the collapse of the Bosnian position and give Bosnia a better Geneva outcome. As they note, every time outside intervention has seemed a serious possibility, the Serbian and Croatian sides have made compromises. But by now the United Nations and the Western powers have so often issued

ultimatums and done nothing that the Bosnians feel abandoned. The United Nations' guarantees for Sarajevo, its airspace interdiction. its proclamation of Muslim "safe areas," its promises to defend humanitarian supply convoys - none has

Hence the outlook is bleak for Bosnia - and indeed for Serbia and Croatia as well, which will find that they have poisoned South Slav life for years to come.

The only future that made sense for the region was integration into the liberal and secular political soci-ety of the West. That is what Oslobodenje has fought for, against the olds. As Mr. Kurspahic said in Stockholm, there are some standards of civilization and some professional values that are worth the fight, even if you lose.

International Herald Tribune. C Los Angeles Times Syndicate. I am talking about Americans and Europeans who stood always against fascism, communism and terrorism, and now call for action against Serbia. So I keep examining for myself the reasons I do not agree, trying to make sure they still are valid.

Europe played into the hands of Slobodan Milosevic, the bloody-minded "ex"-Communist Serbian strutter. When Yugoslavia fell apart without Tito's boot to kick it in line, Germany led the West into early recognition of Slovenia and particularly of Croatia, Germany's World War II ally. President Alija Izetbegovic of Bos-nia himself had warned that prema-

ture recognition would explode the powder keg of Serbs, Croats and Muslims living in Bosnia. It did.

Fearful of remaining alone in union with Serbia, the Muslims of Bosnia, the largest of the services but less than the largest of the services but less than the se the largest of the groups but less than a majority, declared independence. Bos-man Serbs and Croats went to war, empowered by Serbia and Croatia.

Even then the war could have been aborted. Almost a year and a half ago.

Bosnian Muslims, Serbs and Croats agreed to partition.

But Bushbaker pushed for swift recognition of Bosnia, touting the Muslims off partition. Now Clinton has to tell the Muslims to take partithey could have had then. Please read the startling article about this by the irreplaceable David Binder in The New York Times of Aug. 29.

Later, Cyrus Vance and David Owen put together the only plan that would have given the Muslims the unitary state they wanted. Naturally, everybody spit in their eye.
I would understand the bomb-Serbia people better if there were the

slightest chance that it would create what never existed — an indepen-dent Bosnia where Serbian and Croatian Christians would live in peace with Serbian and Croatian Muslims. No — under partition the crimes against the Muslims will not be pun-ished. But Muslims will have a home

- ...

- -

Other Ochar Pairsa

and, if the West protects it, they can live in peace. Instead of more bombs, let's give more Bosnian Muslims the choice of immigration visas.

Arabs would have prevented a half-century of war by taking the Pal-estine partition offered by the United Nations and accepted by the Israelis. Empty threats, says the open letter, have a perverse effect. True - as do nave a perverse effect. True — as do empty promises. They can keep Bos-nia suffering, decade after decade — which is why I part company from so many kinsmen and colleagues.

The New York Times.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1893: Lunacy and Genius PARIS - In the course of Sunday

night [Sept. 10] and yesterday four cases of madness in the streets were brought to the notice of the police. One of these afflicted persons is a young man who has a mania for playing on the tin whistle. When he was told by the police that he must not make so much noise in the public streets he began to tear his clothes. Later on, when the Police Commissary interrogated him he would only reply by asking that angust authority if he would like to hear the opera "Guillaume Tell" played. He de-clared he knew the opera by heart from pesimning to end

1918: Bomber Reports

FRENCH AVIATION OFFICIAL During August our day bombers launched more than 269 tons of projectiles on objectives on the battlefield between the Somme and the Aisne. Our night bombers, attacking

the enemy's stations and the communication lines, launched 362 tons of projectiles. During the same month 280 aeropianes were destroyed or were seen to fall damaged, 29 being brought down by our anti-aircraft guns, and 66 enemy balloons were set on fire.

1943: A Joint Statement WASHINGTON - [From our New York edition: President Roosevelt

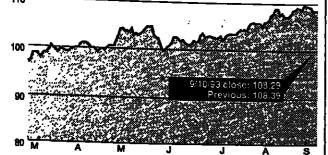
and Prime Minister Churchill, in a joint statement made public at the White House at midnight last night, appealed to the public of Italy to "take every chance you can" and strike hard in the "task of clearing the Italian soil from the German invaders." The statement said the Allies "have very strong forces" and "are entering at many points" on the Italian mainland. It called upon the Italians to "march forward with your American and British friends in the great world movement toward freedom, justice and peace."

مكذا من الاحل





International Herald Tribune World Stock Index C, composed of 230 internationally investable stocks from 20 countries. compiled by Bloomberg Business News. Jan. 1, 1992 = 100.



The index tracks U.S. dollar values of stocks in: Tokyo, New York, London, and Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Italy, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden and Switzerland. In the case of Tokyo, New York and London, the Index is composed of the 20 top issues in terms of market capitalization. In the remaining 17 countries, the ten top stocks are tracked.

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Energy	107.03	106.29	+0.70	Capital	Goods	103.37	103.48	-0.11
Utilities	114,74	114.91	-0.15	Raw Ma	terials	104.95	105.27	-0.30
Finance	118.59	119.53	-0.79	Coosum	ner Goods	90.82	90.53	+0.32

For readers desiring more information about the international Herald Tribune World Stock index, a booklet is available free of charge by writing to Trib Index, 181 Avenue Charles de Gaulle, 92521 Neuilly Cedex, France

111.84 111.19 +0.58

ECONOMIC SCENE

Services 117.06 116.58 +0.41 Miscellaneous

Challenging the Notion Of Safety in Numbers

By Peter Passell New York Times Service

cans about \$120 billion a year, and there is good reason to believe that the figure is rising rapidly. Is there anything wrong with that? Maybe not. A rich country can afford the luxury of investing heavily in reducing risk. But there is a near consensus among scientists that the spending priorities, public and private, are grotesquely distorted.

Stephen Breyer, who is chief judge of the U.S. Court of Appeals

for the First Circuit, has written a new book on the subject, Breaking the Vicious Circle" (Harvard University Press). A lucid, nontechnical essay on risk regulation, it will intrigue pragmatists in

search of a bigger bang for a regulator's buck, although it may not convince those who America is spending have dedicated their careers to too much to regulate stamping out risks, ranging from against the wrong aflatoxins to X-rays.

Judge Breyer is a former legal adviser to the Senate Justice Committee who converted sus-

picious liberals to the cause of airline deregulation. Alfred Kahn, a former Carter administration official who led that deregulation drive, remarks of the Breyer book: "The notion of tying shifts in resources to a specific commitment to saving more lives is bril-

Judge Breyer's arguments to support the notion are persuasive. He notes, for example, that panic over asbestos has led to a cleanup effort costing an estimated \$250 million per life saved — and may actually kill dozens of asbestos-removal workers.

Or consider abandoned toxic-waste sites. Most, it is widely agreed, pose little threat as long as people do not build day-care centers or graze cows on them. Yet the bill for restoring the sites to pristine condition may exceed \$100 billion. Meanwhile, a host of costeffective health measures, everything from requiring home smoke alarms to subsidizing early cancer detection, are anemically financed.

Like others, Judge Breyer links this failure to a reinforcing circle of irrationality. The public is ill informed, easy prey to the disaster of the month. Congress reacts to public opinion with legislation that leaves little room for adjusting priorities within limited budgets or balancing costs against benefits. Regulators are locked into a perpetual bettersafe-than-sorry mode, further distorting perspectives.

The standard prescription for saner risk regulation is a more knowledgeable public. But Judge Breyer is pessimistic about the

See SAFETY, Page 14

A Little More Joie de Vivre, Please In a Slump, France Tries to Seduce Its Consumers

By Laura Colby

tional Herald Tribu PARIS - Catherine Esnault, a 40-year-old bakery employee, is hoping to qualify for the French government's hefty autumn payment to parents so she can outfit her 16-year-old daughter Alexandra for school.

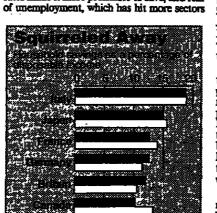
But the government might be disappointed to find out how she plans to use the 1,500 franc (\$266) payment, "There's Alexandra's monthly Metro ticket," Mrs. Esnault said, "then the school cafeteria, and I give her 50 francs a week in pocket money." She estimates that most of the funds will be used just for day-to-day expenses. She plans to put what is left toward buying her daughter a winter coat.

The government of Edouard Balladur, through a wide-ranging program aimed at pumping some life back into the economy, is pinning its hopes for economic recovery on consumers like Mrs. Esnault, betting that a surge in their spending will give the economy the shot in the arm it needs to start growing again. The government has drawn up a series of measures ranging from the big boost in the annual payment for schoolchildren to cuts in consumer credit rates, and is promising income-tax cuts for next year.

But economists warn that the effects of such plans will be limited, at best. Many of them call the government's forecast of economic growth around 1.5 percent next year on the optimistic side, and say that the factors that have spooked consumers up to now fear of rising unemployment, in particular are not going to go away so quickly. They add that unless corporations also increase spend-

ing and investment, even a successful con- of the economy and more professions than in somer program will have only a small result. "I think there's a bit of wishful thinking going on," said Alain Galibert, director of Banque Warburg in Paris.

France's slump in many respects mirrors that of its European neighbors. As economic activity has slowed, wages and income have fallen. In normal times, that would have prompted consumers to dig into their savings to make up the difference. But high interest rates made it more profitable to save, and fear



past recessions, added another incentive. So consumers have simply spent less, keeping savings rates nearly stable — in France, around 13 percent of income - pulling the economy further into recession. In France, an across-the-board tax increase earlier this year to cover a deficit in the state social security system further inhibited household spending.

Now, "what the government is trying to do is psychologically affect the consumer" into thinking that it is all right to spend again, said Stephen King, deputy chief economist at James Capel & Co. in London. He said the Balladur package of spending incentives would add only about half a percentage point

The package, some details of which remain to be finalized in the 1994 budget, aims in part at getting lower income families - the roughly 50 percent of French families who pay no income tax --- to dip into their savings. Penalties for withdrawing cash early from be removed, and rates for consumer credit have been lowered to as little as 9 percent by the state-run Caisse d'Epargne and the pri-vate-sector bank Société Générale.

A question remains, however, over how much consumers will be willing or able to borrow, especially considering that unemployment is at 3.2 million people, or 11.7 percent of the work force. Many economists think that rather than borrow more, the consumers will use the lower rates to pay down debt.
"The government could be disappointed if

See CONSUME, Page 11

Tokyo Nods to U.S. Demand on Targets

involved in the deal, including reference to press freedom soon

By Steven Brull nal Herald Tribone

TOKYO - In an indication that Tokyo might offer an unexpected concession to Washington in talks later this month, Foreign Minister Tsotomu Hata said Friday that Japan should meet U.S. demands to set a numerical target for cutting its current-account surplus.

Tokyo has steadfastly rejected U.S. calls for setting numerical targets for its surplus or for market shares in specific sectors. But in what appears to be a trial balloon, Mr. Hata, who served as finance

By Kevin Murphy

International Herald Tribune HONG KONG — The in-

triguing failure of Rupert Mur-doch's News Corp. to announce

details of the sale of a controlling stake in the South China Morn-

ing Post drew the ire of Hone

Kong's stock-market regulators

But as the Morning Post has long been identified with the de-parting colonial establishment, a

greater concern to many in Hong Kong remains the likely stance

of a new owner toward China.

Analysts agree that no news-

paper proprietor can afford to displease Beijing for commercial,

if not political, reasons, which raises concerns about media self-

censorship well before Hong

Kong's return to China in 1997.

market now has to think very carefully, said Margaret Ng. a

lawyer and political commenta-

tor. The marketplace is becoming much more competitive and

they don't know how the envi-

Stock-market rumors hold that the asking price for the stake

in the Morning Post is at least \$500 million and that the buyer

is the Malaysian-based Kuok

family, which has extensive busi-

ness interests in Southeast Asia. The stock market also believes

a number of other groups may be

ronment will change."

"Anyone who moves into this

and investors Friday.

gets for the current-account surplus were acceptable — so long as there was no threat of retaliation if they

"If we do not set a target for the surplus as a whole, it is difficult to gain understanding," Mr. Hata said. "I myself think that it is possible to debate creating this sort of

Japan's towering trade surplus, which is on track to top \$150 billion this year, is a major irritant in U.S.-Japan relations. Acceding to

How Far Will Morning Post

Sway in Beijing's Direction?

some from mainland China.

Robert Knok, who heads a

group that made its fortune in

sugar and commodity trading

before expanding into shipping, real estate and hotels, is one of 91

people selected by Beijing to serve as advisers on China-Hong

The advisers group, which includes many of the colony's rich-

est executives, has campaigned

against Governor Chris Patten

Anyone who

to think very

carefully.

Margaret Ng.

commentator

lawyer and

moves into this

market now has

on his political agenda for Hong

Kong "It would be a tremendous

change," said Ray Wong, princi-pal lecturer in journalism at Hong Kong's Baptist College, of

the Morning Post's potential edi-torial shift toward Beijing. "I don't know what paper Mr. Pat-ten will be reading in the future."

The governor made a pointed

Kong affairs.

of the current-account surplus to below 2 percent of gross domestic product over the next few years, even if nonbinding, could help smooth talks between Prime Minister Morihiro Hosakawa and President Bill Clinton later this month in New York.

Yet it is far from clear that the Japanese government is ready to make an about-face on a position on which it has dug its heels in. Responding to Mr. Hata's comments, Masayoshi Takemura, the top government spokesman, voiced

after learning of the proposed

change in ownership, reflecting his administration's increasing

concern about its ability to influ-

ence public debate through the

The South China Morning

Post is one of only two local

newspapers that have yet to criti-

cize Britain's willingness to clash

with Beijing over political

whether the South China Morn-

ing Post remains independent or

not," said Daisy Li, who heads the Hong Kong Journalists As-sociation. "It is the newspaper

which is most likely to influence

the international view of Hong

Shares in SCMP (Holdings)

Ltd., publisher of the English-language South China Morning Post and Chinese-language Wah Kiu Yat Po, have been suspend-

ed from trading since Sept. 3,

"We are very concerned about

Other officials of the foreign and trade ministries have also reiterated their objections. Even Mr. Hata was clear in rejecting targets for specific industrial sectors, as the U.S. desires, because that would be tantamount to managed trade.

On Thursday, two of Japan's top businessmen urged the government to consider setting a numerical target for cutting the surplus.

Economists said Tokyo had little to risk in agreeing to target a lower current-account surplus because the ratio was set to decline of its

Forecasts For Growth

Compiled by Our Staff From Dispatches PARIS — The prospects for eco-nomic growth in Japan and Europe look gloomier than they were just two months ago, the Organization for Economic Cooperation and Development said on Friday.

Kumi Shigehara, director of the OECD's economics department, said that the forecasts made in the organization's last economic out-look, published in July, may have to be revised downward.

The American economy is going more or less as we projected," he said at a news conference. "But unfortunately, in Europe and Japan we may be now seeing some need for a downward revision."

The OECD in July projected a slightly negative growth rate for Europe this year, of minus 0.3 percent, followed by a modest pick-up. to 1.8 percent, in 1994. For Japan, OECD forecasters had cited rates of 1.0 percent growth this year and 3.3 percent next year. (Reuters, AFP)

when News Corp. announced that it had entered negotiations to sell its 50 percent stake to an midentified party.

"The stock exchange is doing investors a disservice accepting such a lengthy suspension and no information," said Kirk

Sweeney, research director at Lehman Brothers Asia Ltd. The regulatory Securities and Futures Commission said Fri-

See POST, Page 15 French Party **Assails Head**

Of GATT Compiled by Our Staff From Dispatches

PARIS - Prime Minister Edouard Balladur's party attacked the GATT director-general, Peter Sutherland, on Friday, saying he was defending U.S. interests at world trade talks.

"The excessive statements of Mr. Sutherland . . . can only complicate negotiations that are already very difficult," the conservative Rally for the Republic said.

It was referring to Mr. Sutherland's comment to a newspaper that there was "hysteria" in the French countryside over the prospect that a GATT accord would lead to cuts in subsidized farm exports.

Mr. Sutherland has publicly op-Mr. Sutherland has publicly op--217 posed France's effort to change a -1.50 U.S.-European Community farm--4.10 trade agreement that is crucial to trade agreement that is crucial to

Banks to Run Canary Wharf In Rescue Plan

By Richard W. Stevenson New York Times Service

LONDON — The administra-tors of Canary Wharf, the landmark London office-building complex that was forced to seek protection from its creditors last year, said Friday that they had agreed with the project's bank lenders on a £1.1 billion (\$1.7 billion)

lion) rescue package.

The deal is designed to revive the fortunes of the project, which fell victim to Britain's recession and contributed to the collapse of its developer, Olympia & York Devel-opments Ltd., the real estate empire controlled by the Reichmann family of Canada.

The package calls for the group of 10 bank lenders to defer repayment on the \$880 million owed to them until 2007. The banks will also put up the equivalent of \$237 million for further development of the project, and will pay to the government, over 25 years, \$465 million of the \$2.8 billion cost of a planned new subway line to the complex.

The plan amounts to a gamble— primarily by the banks, but also by the project's other creditors and by the British government - that the complex of nine buildings in the Docklands, several miles east of London's financial district, can re-capture the promise that surrounded it at its inception during the boom of the mid-1980s.

The plan rests on approval by 1,400 unsecured creditors, most of whom would receive no more than 15 cents for every dollar they are owed. They include many of the project's construction companies.

A spokesman for Ernst & Young, the accounting firm administering Canary Wharf's reorganization, said the unsecured creditors had been given the outlines of what the deal would mean for them several months ago, and that the firm believed the creditors would be

Stephen Adamson, one of the three Ernst & Young executives ap-pointed as administrators of the project, said he did not believe the area. The British government banks would be willing to increase their offer to the unsecured crediof the contingent on Can be proved the only alternative would the funds contingent on Can Wharf's owners coming up v be a liquidation of the project - a Wharf's owners coming up v move he said would leave unse- \$620 million on their own low cured creditors with nothing.

receive between 10.6 cents and cents per dollar of claims, Ern Young said, 130 of them, inclusome of the construction con nies with the largest claims, o

receive substantially more. The

130 creditors could receive an a

tional 25 cents on the dolla

return for guaranteeing work have done on the project, Ern Young said. The creditors will vote on deal on Sept. 30. If it is approby the necessary minimum—c itors seeking at least 75 percer the total value of the claims — Canary Wharf project cc

emerge from the reorganiza process by the end of October. The bank creditors are Lie Bank, Chemical Bank, Citib Barclays Bank, Canadian Imp Bank of Commerce, Royal Ban Canada, Crédit Lyonnais, Cr Suisse, Commerzbank AG

Kansallis-Osake-Pankki. The Reichmanns' stake in project was wiped out when it forced into the reorganization. It deal goes through, it would leave banks as owners of the project.

The complex, whose centerr is a 50-story office tower, Briti tallest, attracted a number of h profile clients, such as Moi Stanley. But its isolation from rest of London and the lack transportation put off many 1 spective tenants. And when the cession hit, demand for office st anywhere in London dried up. complex is currently about 40

cent occupied Whether the banks ever get t money back now depends lar on how quickly demand for st comes back. Britain has been l ing the rest of Europe out of recession, and some well-knows

vestors, including George So have been putting their money: London real estate again. The project's chances will helped by the proposed deal's s port for the new subway line, wi will greatly improve access to previously agreed to provide in than \$2.6 billion to fund an ex-

the funds contingent on Can

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Key Money Rates United States

unblocking wider trade talks.

NEW YORK — Stocks bounded

lead Friday after good inflation ws revived the bond market's ral-

and drove interest rates lower. The Dow Jones industrial aver-

rose 32.14 points to close at

N.Y. Stocks

mbered decliners by 2 to 1 on the

w York Stock Exchange. Vol-Israe on the Big Board was an active

and market, where interest rates

isr5 million shares.
tiv,Stocks took their cue from the

ne imbled in response to an unex-

torvernment said prices at the

er. August, the fourth straight memthly decline in the Producer

selfBond investors bid up the price of

key 30-year Treasury issue, driv-Bu; its yield down to 5.88 percent

ly John H. Shaughnessy, director of

necearch at Advest Inc., said: "It's

a la same theme that has been driv-

forctation of lower interest rates. The ter'I number reinforced the thinking

all Royal Dutch Petroleum, up 2% co;103%, led the list of active issues

wit the Big Board in a second day of tecavy dividend-related trading. a National Semiconductor rose 14

equi inflation is under control."

& stocks for some time - the ex-

icam 5.96 percent late Thursday.

of ice Index.

lictedly low inflation reading. The

rolesale level dropped 0.6 percent

Low Inflation Spurs

521.63. Advancing issues out- healthy. Texas Instruments gained

to 2012. The computer-chip company reported earnings that were much better than analysts expected.

Other semiconductor stocks also gained after an industry indicator

that compares new orders to ship-

ments suggested that demand is

1% to 78% and Advanced Micro Devices added % to 28%. in OTC trading, Intel tacked on % to 65%.

Paramount Communications

rose 41/4 to 611/4, building on Thursday's gains amid reports that the

company is in talks to merge with

Viacom Inc. through a stock swap.

LTV fell 1/2 to 11 after the steel

maker, which emerged from bank-ruptcy last June, filed to sell 20

million shares of common stock.

General Motors Corp. climbed ¼ to 464, Ford Motor Co. rose ¼

to 53% and Chrysler Corp. gained % to 44%. Chrysler's chairman,

Robert Eaton, said Thursday that

he doesn't expect protracted strikes

by American and Canadian

27% after two Food and Drug Ad-

ministration panels declined to rule

on the company's request for the over-the-counter use of its pre-

scription ulcer drug, Tagamet.
Banks continued to benefit from

expectations of strong third-quarter earnings. Citicorp gained ¼ to 35% and J.P. Morgan rose 1% to 79.

(AP, Knight-Ridder, Bloomberg)

intoworkers.
SmithKline Beecham lost 11/4 to

Stocks and Bonds

The Dow

NYSE Most Actives

AMEX Most Actives

PROPERTY SENSE

NYSE Diary

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EUROPEAN FUTURES

Dow Jones Averages

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-- 24593 + 2.57

Low Clase Cffge
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- 755.76 + 7.53
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- 922.12 + 8.64
- 676.65 + 4.50
- 696.33 + 9.13

High Low Close Chase 456.67 452.98 456.06 + 2.68

Close 109.25 105.39 112.91

U.S./AT THE CLOSE

Wholesale Prices Drop 0.6%

WASHINGTON (AP) — Wholesale prices fell again in August as plunging tobacco rates offset increases for natural gas, fruit and vegetables, the Labor Department said Friday.

The report showed that the Producer Price Index fell by 0.6 percent, the most in two and a half many. It was the fourth provided and the laborate for the fourth of the laborate for the

most in two and a half years. It was the fourth straight monthly decline,

something that has not happened since 1986.

Wholesale prices were driven lower by a record 25.6 percent drop in cigarette prices. Without that reduction, the overall PPI would have risen the prices. by a tiny 0.2 percent. However, economists said that the underlying message of the report was that earlier worries that inflation was getting out of hand were unfounded.

Earnings Rise 5.3% at Paramount

NEW YORK (Bloomberg) — Paramount Communications Inc. said Friday first-quarter earnings had risen 5.3 percent on strong sales of educational textbooks and the box-office success of "The Firm." Net income in the three months ended July 31 rose to \$120.4 million, or \$1.01 a share, from \$114.3 million, or 96 cents, a year earlier. Revenue increased to \$1.35 billion from \$1.06 billion. DEC Sells Cheaper Alpha Chips

MAYNARD, Massachusetts (Bloomberg) — Digital Equipment Corp. said Friday it had introduced a version of its Alpha chip that is cheaper than rivals and could belp the company break into the mass market for personal-computer microprocessors

Digital, the third-largest U.S. computer maker, said last year that the key to financial recovery was producing Alpha chips that deliver workstation and minicomputer power. "The idea makes a lot of sense," said Neeraj Vohra, PC analyst for

Standard & Poor's Corp., "because at the price point, Digital can say it has a product that Compaq and the other clone makers don't have yet.

Moody's Raises China Debt Rating

NEW YORK (AFP) — Moody's Investors Services bolstered its rating of China's foreign debt Friday and said it was re-examining Chinese financial institutions to see whether their ratings should also be raised. Moody's, the New York-based credit-rating concern, raised from Baal to A3 its rating on China's foreign debt expressed in foreign-currency terms. The improved rating has been assigned to the Chinese government's recently issued 30 billion yen (\$285 million) Eurobond due in 1999.

Moody's said the rating upgrade reflected its expectation that the Chinese government would ultimately succeed in leading the country through the transition to a market economy.

AMD Faces Suits on 486-SX Chips

SUNNYVALE, California (Bloomberg) — Advanced Micro Devices Inc. said it faced several shareholder lawsuits over the timing of last week's announcement that its independently developed 486-SX chip is not entirely its own design but builds on Intel Corp.'s 386 chip.

Three lawsuits seeking class-action status have been filed against the company, certain executives and board members, over why life the company with the company certain executives and board members, over why life the company.

waited until Sept. 2 to announce that the chip unveiled in July was not

LTV to Make Common-Stock Offer

WASHINGTON (Reuters) — LTV Corp. filed Friday a registration statement with the U.S. Securities and Exchange Commission to offer 20 million shares of common stock,

Of the total, 17 million shares will be offered in the United States and 3 million elsewhere. The company, which emerged from seven years in bankruptcy protection in June, said proceeds would be used for general purposes, including capital expenditures or pension-plan contributions.
Underwriters are Salomon Brothers Inc.; Goldman, Sachs & Co., and Smith Barney Shearson Inc. They have an option to buy an additional 3 million shares to cover overallorments.

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J.S. Economic Reports Weigh on the Dollar

fmNEW YORK — The dollar themped against the Deutsche contrk and most other currencies meiday after a sharp drop in U.S. coducer prices convinced inves-

Foreign Exchange bels that interest rates would re-

thein low for a long time. nealgns of slow growth in Japan tioped the dollar gain against the rult, meanwhile, as traders bet that che Bank of Japan would cut its 2.5 ancent discount rate to jump-start) country's economy, and be dollar fell to 1.5918 DM, its

recrest level since June 2, before perovering to close at 1.5970 DM, Thun from 1.6015 DM on Thursexy. The dollar rose to 106.035 yen as m 105.35 yen.

maThe dollar also sank to 1.3915 iss francs from 1.4010 francs Thi to 5.597 French francs from 375. The British pound stood at 5518, up from \$1.5495.

Although it is good for the econ-y as a whole, low inflation often rts the dollar by keeping interest

fir The dollar dropped against the The U.S. unit rack under the weight of the profrom 105.00 year.

ducer-price report," said Steve Flanagan, vice president at Mitsu-bishi Bank Ltd. Producer prices fell 0.6 percent in August, the biggest

drop in more than two years. With inflation under control, the Federal Reserve probably will not be in a rush to raise its 3 percent discount rate. The German dis-count rate is 6.25 percent.

The dollar fared better against the yen, rising after the Bank of Japan's quarterly tankan survey showed corporate managers were more pessimistic about business conditions in Japan than they were when the last survey was compiled in May. The poor report puts more pressure on Japan to cut rates.

Signs that trade relations be-tween the U.S. and Japan are im-proving also helped the dollar gain against the yea, traders said. With trade relations brightening Washington will refrain from talking up the yen, traders said.

In London, the dollar closed at 1.5995 DM, down from 1.6015 DM. It also fell to 1.3978 Swiss francs from 1.4000, and to 5.620 French francs from 5.645 francs. The U.S. unit rose to 106.40 year

Oil Slumps, Then Rebounds

Compiled by Our Staff From Dispatche LONDON - Oil-futures prices on both sides of the Atlantic hit fiveyear lows Friday on concerns about oversupply, then rebounded when talks between Iraq and the UN on weapons monitoring ended in New York without an agreement

Prices were also boosted by remarks by a Saudi Arabian official, who said a freeze on production would be acceptable, so long as OPEC members that have been overproducing were not rewarded. In London, October futures for Brent Blend fell to \$15.50 a barrel

before recovering on the back of the Saudi remarks to \$15.71 a barrel, off 29 cents. In New York, light crude prices also recovered, with West Texas intermediate for October closing 23 cents lower at \$16.74, after falling as low as \$16.36 early in the day. (Reuters, Bloomberg)

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Belgian Sees 'Plot' **Behind ERM Crisis**

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> PARIS - Foreign Minister Willy Claes of Belgium, current president of the European Community's Council of Ministers, was quoted on Friday as saying the effective collapse of the Community's exchange-rate mechanism was the re-

> sult of an Anglo-Saxon plot. In an interview with the French magazine Le Point, Mr. Claes said the wave of speculation that blew apart the narrow bands linking most EC currencies last month had done

> a great disservice to Europe.
>
> "Yes, I believe in the existence of a certain form of plot. In this Anglo-Saxon world, there exist organizations and people who prefer to keep a divided Europe, condemned to play a secondary role in the great economic arguments, instead of a well-structured Europe," he was quoted as saying.
> EC finance ministers decided on

Aug. 2 to greatly loosen the bands linking all currencies within the grid except for the Dutch guilder's link with the Deutsche mark, after central banks spent tens of billions of dollars in an unsuccessful defense of the old parities

Mr. Claes said sticking to the Maastricht Treaty's timetable for European monetary union and going ahead with the creation of an embryonic EC central bank in January was "the best short-term response to that part of the Anglo-Saxon world which has sworn to prevent the creation of a European monetary identity."

A Less-Than-Super Market Ahold Is Trying to Offset Czech Stasis

By Jon Henley Special to the Herald Tribi

ZAANDAM - Ahold NV. the fast-growing Dutch super-market concern that has built up a leading position in the United States, is combing the Fastern Seaboard and southern Europe for acquisitions as its East European venture threatens to go

The company is in "serious" talks with several East Coast and Mediterranean takeover or jointventure candidates, the Ahold president, Cees van der Hoeven, said in an interview.

But it has already started cutting back at its 3-year-old Czech venture, Euronova, which operates 22 stores, compared with an early target of 30 outlets by 1991. In 1992, the company had fore-cast that it would have 40 Czech stores by early this year.
"We built up a Czech organi-

zation for a far larger number of

sales outlets than we have to-day," Mr. van der Hoeven said. 'It has been a real struggle getting going there, and we don't fully comprehend why." Ahold has cut Euronova's 1,000-strong work force, which is mainly Czech, by several dozen, Mr. van der Hoeven said. Although he affirmed Ahold's intention to stay in the Czech Re-

withdrawal later. The company's frustrations are shared by many Western compa-nies eager to establish a foothold in former East bloc states, Mr. van der Hoeven said. Agreements reached at national government

public, he would not rule out a

level are all too easily blocked at the local level, where officials object to the speed and consequences of privatization.

Despite its investment in stafftraining programs and a modern distribution system, Ahold has been refused local-authority permits to open new stores.

"The stores we have are doing well and we're aching for further

It takes two to tango. In the Czech Republic it just hasn't happened the way we hoped.'

growth," Mr. van der Hoeven said. "But it takes two to tango. It just hasn't happened the way

Cees van der Hoeven

we hoosed." But Mr. van der Hoeven, who took over at Ahold this spring, said the company's Czech invest-ment, with forecast sales of 60 million guilders (\$33 million) in 1993, is small change compared with the Western acquisitions that have propelled it to a top-10 position in the United States. The company is still on track for its target of doubling 1992 net

profit of 305 million guilders in the next five years, he said. Earlier this week Ahold reported first-half net profit up 12 percent, at 172.4 million guil-

of 14.3 billion guilders. Although this was on the low side of many analysis' forecasts, Mr. van der Hoeven said nothing in the figures would prompt the company to lower its long-term sights.

Two-thirds of Ahold's targeted earnings growth is to come from existing activities, mainly through improved returns from recent acquisitions such as the American supermarket chains Tops Markets and Finast.

Together, Ahold's five East Coast subsidiaries — which also include Bi-Lo and Giant Food Stores — generated sales of \$6.3 billion in 1992, about half the

group total. Ahold is also seeking internal growth at its most recent European acquisitions in Portugal, where in barely a year it has established a network of 140 supermarkets with its joint-venture partner Jeronimo Martins. These are expected to contribute about 800 million guilders to group

The company's remaining carnings growth will come from acquisitions or joint ventures to which it applies strict criteria of performance, growth potential and market share. It will not even consider an acquisition that threatens to reduce earnings per share year-on-year, Mr. van der Hoeven said.

That means candidates' annual sales are unlikely to exceed \$2 billion, and in effect it rules out any household name in highly developed markets such as Germany, France and Britain.

Fortis to Pay Belgium **\$1 Billion for 49.9%** Of Financial Firm

BRUSSELS — The Belgian government agreed Friday to sell a large

stake in the state-owned savings bank and insurer ASLK-CGER to the insurance concern Fortis in a deal that could give Fortis majority control after a few years. A statement released after the

weekly cabinet meeting said the state would sell 49.9 percent of ASLK-CGER to Fortis for 34.93 billion francs (\$1.01 billion). Fortis combines the insure

and banking operations of AMEV NV of the Netherlands and the insurer Groupe AG of Belgium. The sale is the first in a Belgian plan to sell off state assets, starting with financial institutions, with the

aim of raising at least 25 billion francs a year. Fortis has an option to raise its stake to 50 percent after Jan. 1, 1995 and from then on could raise its shareholding even more, according to a draft decree giving the terms of the sale. But the state's shareholding would not fall below 25.1 percen

leaving it with a say in setting dividends and strategic decisions. ASLK-CGER Holding, the state holding company that controls ASLK-CGER, said in a separate statement that Fortis had agreed to pay 15 billion francs for 25 percent of the ASLK-CGER bank and insurance company, with an option attached in case a definitive sale

agreement was not reached. The two parties planned to conclude a definitive agreement for the sale of the total 49.9 percent stake by Oct. 15, the statement said.

move for Fortis, which has been seeking a banking arm in Belgium The group still has to make a final audit of ASLK-CGER, one of the world's largest savings banks, before the final sale is agreed.

ASLK-CGER bank's first-half profit jumped 60 percent to 2.01 billion francs. Fortis said Thursday that its first-half profit rose 20 percent to 226.7 million European currency units (\$193 million).

Currency Crisis Helped Indosuez

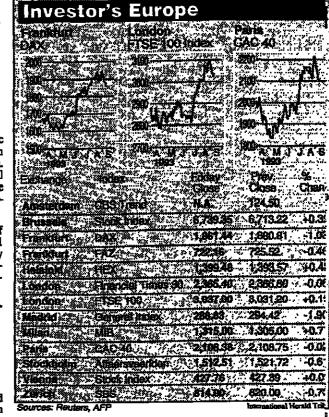
Compiled by Our Staff From Dispatches PARIS — Banque Indosuez said Friday that its net profit rocketed in the first half of 1993 because com-

mission income surged as a result of exchange-rate volatility, while provisions for bad debts dropped The bank, which is part of Compagnie de Suez SA, reported profit of 320 million French francs (\$56

million), a fourfold increase from 81 million francs a year earlier. Gross operating profit rose 58 percent to 2.63 billion francs. Provisions fell to 1.31 billion francs from 1,39 billion. The bank said operating profit in the second half would probably be lower than in the first half, but the full year

should still show a sharp improve-

ment in net profit. Indosuez also said it would close its Carr Kitcat & Aitken brokerage in London. (Bloomberg, AFX)



Very briefly:

 Scandinavian Airline System and the Spies Group of Denmark nounced the merger of their charter airlines, Scanair and Conair, to fo Scandinavia's largest charter operation.

• Britain's trade deficit narrowed slightly in the second quarter, to is billion (\$5.1 billion), down from £3.5 million in the first quarter. • French consumer prices were stable in August from July and up percent from the year earlier, provisional official figures showed.

kronor (\$190 million) at most and the bank will move into profit in 19 Managing Director Bjorn Svedberg told shareholders. Nissan Motor Co.'s European operations chief, Tadahiro Shirai, s

SE Banken's 1993 operating loss after credit losses will be 1.5 bill

the company's Spanish unit must cut costs and raise productivity to level of Nissan's British plant within two years.

· Usines des Chausson SA, an auto company jointly owned by Ren SA and Pengeot SA, will be found in a state of cessation of payments the French trade court, said the chief executive, Jean Melin. Comp executives said Chausson would then have to file for bankruptcy.

Investment Fund for Lloyd's

LONDON — Europe's largest in-surance brokerage, Sedgwick Group PLC, launched an investment fund Friday to bring corporate capital to the rescue of the ailing Lloyd's of London insurance market.

Lloyd's is trying to attract corporate capital with limited liability after relying in the past entirely on wealthy individuals, called Names,

with unlimited liability.
Sedgwick said its CLM Advisers PLC unit was launching the CLM cial sources said the fund was pected to attract between £150 r lion and £200 million (\$232 mill to \$309 million). Analysts expect that for l'

alone, Lloyd's will have to finc least £1 billion of corporate cap before January to top up an expe ed £7.5 billion in private capita

record £2.9 billion loss for 1990 could run up a total loss of m than £6 billion for 1988-1991.

CONSUME: To Spend in France IG Metall to Ease Demands

Continued from Page 9

it thinks the French are going to start buying cars and television sets." Mr. Galibert said.

Perhaps a more effective measure is one to let larger investors withdraw capital gains from bond or money-market funds tax free provided that those gains are reinvested in real estate. But, while this step might help stir the French real estate sector from its torpor, Mr. Galibert pointed out that it will merely encourage investors to switch their assets from one type of savings to another, with little beneficial effect for the rest of the economy.

In all, he calculated that the packages aimed at boosting spend-

ing would attenuate only in part the effects of this year's tax in-crease, which more than doubled. to 2.4 percent, an across-the-board levy on all salaries, including the earnings of the lowest-paid seg-

ment of the population. The one bit of good news is that with short-term interest rates starting to come down, most analysts do see the stirrings of growth next year, albeit at a modest level, of closer to 1 than 1.5 percent.

With interest rates expected to be at around 5 percent at the end of the year, small and medium-sized companies, which have been suffering badly in the recession, will find

On Wages if Employers Do

Compiled by Our Staff From Dispatches FRANKFURT — Germany's most powerful labor union, IG Metall, is offering to take a step back on wage demands for 1994 if employers give up calls for a wage freeze in return, the designated chief of the union, Klaus Zwickel,

said on Friday. Mr. Zwickel said IG Metall was considering limiting its wage demands to compensation for inflation and expected increases in productivity. "Employers' wishes for a nominal wage freeze in the short term and for a real reduction in

wages in the mid term will not be fulfilled," he said.

At the same time, Mr. Zwickel said IG Metall would limit its wage demands in the coming year to a level dictated by price and productivity increase

He presented research to show that between 1980 and 1992, wages in German industry have increased only moderately.

The research also shows Germany's competitiveness has been infinenced "much more by international monetary relations and exchange rates" than by domestic (AFX, Bloomberg)

Hell for Leather at Gucci? Dispute Delays August Pay

ROME — Italian employees of the hxury-goods company Gucci received their August payslips a week late Friday because of what a spokesman called a cash-flow crisis caused by a dispute between the owners.

Carlo Bruno, a spokesman for Gucci in Milan, said the company was having difficulty securing funds to pay employstandoff between a group of

Arab investors and a family representative.

Maurizio Gucci and the Bahrain-based bank InvestCorp, each owning 50 percent of Gucci's holding company, have been fighting for more than a year for control.

"The company is completely paralyzed," Mr. Bruno said in a telephone interview. "The crisis with the shareholders has generated a complete stall in monev flow within the company

In June, Lloyd's announced Insurance Fund with sponsorship

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Sharp Finds Ways to Dull the Pain New Products, Alliances Help Japan Electronics Firm

TOKYO - There has been plenty of carnage this year within Japan's once-mighty consumer-electronics industry, thanks to the yen's spectneular rise and increasingly reluctant consumers across much of North American, Europe and Japan.

But the pain is not being felt so keenly at Sharp Corp., whose new-product offerings and alliances with the likes of Intel Corp. and Apple Computer Corp. are carrying the company through these lean times.

Sharp's earnings have taken a bruising from the yen's 18 percent jump against the dollar this year, which has made the company's products less price-competitive. Sharp's pretax profit for the year ended March 31 fell by 37 percent to 44.54 billion yen (\$422.58 million) on sales of 1.15 trillion yen.

Yet Sharp's earnings hit was not nearly as severe as those of key rivals such as Fujiron Ltd., which posted a pretax loss of 8.704 billion yen for the year, or NEC Corp., where pretax earnings fell 77.3 percent to 18.15 billion yen during the same period.

Indeed, analysts expect Sharp's leadership in the fast-growing market for liquid-crystal display screens for computers and games ma-chines to allow the company to rebound more quickly than its rivals.

Sharp is just about to start collecting on its investment in LCDs," said Makio Inti, industry analyst at Kleinwort Benson. Grow-

ing demand for personal computers in Japan will fuel demand for screens, the analyst said.

Investors have reason to be upbeat about Sharp, as well. Despite the profit decline last financial year, Sharp's shares, now at 1,480 yen, have soared 47 percent this year, outpacing the 28 percent gain in the broad Topix

Sharp's leadership in LCDs gives it an edge, analysts sav.

Index of all shares traded on the Tokyo Stock Exchange's first section.

One big reason is Sharp's commanding 40 percent share of the market for flat, light liquid-crystal displays, a 390 billion yen mar-ket last year that is expected to reach an

estimated 1 trillion yen by 1995.

LCDs are used as display screens in portable computers, pocket televisions and other electronic devices. And Sharp is using its edge in the field to pump out new products, which it hopes will capture the imagination of recession-wary consumers.

For instance, the company introduced a portable video camera with an LCD screen instead of a conventional viewfinder last November. The camera proved an instant hit, and pushed Sharp's share of the domestic video camera market to 20 percent from less than 10 percent the previous year.

The company has started construction of a new LCD plant in Japan that was postponed from last year.

Another advantage for Sharp is its powerful friends. Sharp has joined Intel, the world's largest maker of semiconductors, in a technology tie-up that allows it to produce flash memory chips for the U.S. company.

Flash memory is a kind of semiconductor storage chip for electronic devices that does not lose the stored contents when disconnected from its power supply. It is estimated that the world market for

flash chips will be worth 200 billion yen a year by 1995. Since Intel has a 70 percent share of the market, Sharp's alliance "gives the company strong leadership" in the field, said Barry Dargan, industry analyst at S.G. Warburg Securities.

Sharp also stands to benefit from a relationship with Apple Computer. Sharp co-developed Apple's hand-held personal-infor-mation device, called the Newton, and has started selling a similar product of its own. While Sharp is better placed than many of its competitors to ride out the procession on

its competitors to ride out the recession, analysis say that the company has one area of inancial weakness that could cause it to take

4 Japan Steelmakers **Expect Big Losses** After Yen's Surge

TOKYO - Four of Japan's top steelmakers said Friday that the strong yen and poor demand for steel would bring them substantial losses in the half-year to Sept. 30.

The companies - NKK Corp., Kawasaki Steel, Kobe Steel and Sumitomo Metal Industries - said they would post current losses for the half-year ranging from 8 billion yen to 15 billion yen (\$75.79 million to \$142.11 million).

The companies cited Japan's continuing economic slump and the consequent fall in demand for steel as the main reasons for the projected losses. Major clients of steelmakers, including construction companies and automakers, have been cutting down on con-sumption of steel as their own mar-

The strong yen has cut into ex-port earnings by making the price of Japanese steel expensive in overseas markets.

NKK will report a current loss of 15 billion yen for the half-year, the company said. Sales will fall 7 per-

HONG KONG - Driving

further into Europe, the luxury-

car distributor Jardine Interna-

tional Motor Holdings said Fri-

day that it would buy

Compagnie Internationale de

Commerce et d'Approvisionne-

ment SA, or CICA, from the

French retail concern Pinault-

Jardine Motors to Buy

French Auto Dealership

payment of its half-year shareholders' dividend. Kawasaki Steel said it would lose

8 billion yen in the period to September. Sales will fall to 530 billion ven from the 560 billion yen originally forecast, Kawasaki said. Japan's third-largest steelmaker, Sumitomo Metal, will see its cur-

rent loss at 9 billion yen for the half-year. The company will sus-pend payment of its half-year divi-dend to shareholders. Kobe Steel's half-year current loss will be 9 billion yen on sales of

550 billion yen. The company will also post a net loss, or loss after tax payments, of 7 billion yen. In addition, Kobe will suspend its dividend payment. In a related development, Japan's Labor Ministry, describing steel companies as overstaffed, said it

foresaw further industry job cuts as manufacturers come to terms with the tough business environment.

NKK and Kawasaki Steel earlier this year announced plans to cut more than 3,000 jobs each in threecent over the previous half-year, to to five-year restructuring plans.

A subsidiary of the Hong

Kong trading company Jardine

Matheson Holdings, Jardine

Motors has built its business on

the distribution and sale of

CICA is 65 percent owned by

Pinault-Printemps and is the

largest independent motor-ve-

hicle dealership group in

have to expect Jardine Motors

to do something like this," said Tim Storey, analyst at HG.

"At the end of the day we

Mercedes-Benz cars in Asia.

Very briefly:

Investor's Asia

Straits Times

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• Yamaichi Securities Co.'s Gotanda branch, and branches of Universal Securities Co. and Kyosei Securities Co., will be barred from trading for clients for periods of two to five days, the Finance Ministry said, as punishment for their roles in manipulating the stock of Nihon Unisys Ltd.

Bombay National Index 1, 1,274.80 1,249.20 +2,03

· Hong Kong's Securities and Futures Commission said that as a result of a case it brought, an investor, Reginald Wong, got a four-month suspended jail sentence for manipulating the shares of Holian Investment Ltd.

• Sanyo Bussan KK, a Japanese liquor distributor, asked the Fair Trade Commission to investigate Budweiser Japan Co., a venture of Anhenser-Busch Cos. and Kirin Brewery Co.

• Tokyo Electric Power Co., nine other Japanese electrical utilities and three gas companies will cut gas and electricity rates from November 1993 to September 1994, to pass on 265 billion yen (\$2.5 billion) in foreign-exchange gains to consumers, the government said.

• China has increased this year's spending on a Beijing-Hong Kong rail link, the 2,370 kilometer (1,470 mile) Jing-Jiu line, by 38 percent to 7.2 billion yuan (\$1.24 billion), Xinhua news agency said. Dragon Properties, a Singapore-based real estate developer, has agreed

to build an office and apartment complex in a venture with Vietnam's state-owned Hanoi Commercial Co. Pacific Dunlop Ltd. said that its net profit for the year ended June 30

had risen 22.2 percent to 260.4 million Australian dollars (\$170 million), and that it intended to expand its activities in Asia.

Bloomberg, AFP, Reuters, AP, AFX

* Yen Pushes Japan Car Prices Up in EC

Compiled by Our Staff From Dispatches TOKYO - The yea's surge against European currencies is forcing lapanese carmakers to raise export prices to Europe, company

The increases coincide with a severe slump in European car sales, which forced Japan to agree last week to a further cutback in exports to the European Community to 980,000 units this year, down

18.5 percent from last year. The three leading Japanese automakers — Toyota, Nissan and Honda — have set up European assembly plants. But these have not yet reached full production, and the Japanese still must depend on my, Belgium and Austria have been

Continued from Page 9

negotiations.

ing the past week.

day that it had expressed con-

cern about the murkiness of the

An announcement on the deal

"We strongly urged the parties

has been delayed four times dur-

involved to issue an announce-

ment describing the state of the

Mr. Murdoch. To News Corp.,

to European consumers.

When the yen strengthens against European currencies, revenue and profits recorded in those currencies translate into fewer yen on the parent company's books, percent to almost 5 percent. pressuring the company to raise prices in the local currencies to

Yoichi Harada, a Honda Motor Co. spokesman, said his company had been forced to raise the price of three times since December, given the dual impact of the stronger yen and the lira's collapse.

POST: How Far Will It Sway in Beijing's Direction?

which is hoping to crack China's

potentially more lucrative televi-

sion market, the paper has be-come a political liability.

the newspaper is Pearson PLC, publisher of the Financial Times,

which refuted speculation that it

was eyeing a stake to further its

Asian market aspirations. "Any

reports of our involvement are.

The ownership change is the latest milestone on Hong Kong's path of decolonization.

Among those not hidding for

Export prices to Britain, Germa-

exports to offer a full array of cars increased twice for the same model Corp. said Japan's biggest carmakbut upward revisions have been made only once for France, the Netherlands and Switzerland.

Mr. Harada said each upward adjustment ranged from almost 1 While Honda has in the past

cushioned the impact of the stronger yen by boosting exports to Enrope from the United States, Mr. Harada said that with the European market in sharp decline, such Civic models exported to Italy shipments would fall this year. They rose 9 percent to 6,943 units last year, representing almost 5 percent of the 139,700 units exported

A number of factors provide

evidence of China's growing in-fluence: Support has dwindled

for Mr. Patten's political re-

forms, and controversy smolders

about the future role of expatri-

ate civil servants. There are also

signs that leading Hong Kong

law firms are reluctant to act

against individuals with strong

Contemplating the way things are headed at the Morning Post, Ms. Ng said: "If the whole print-

ed press becomes ineffectual as a

opinion, it will be a fundamental blow to freedom in Hong Kong."

Div Yid PE 188s High LowLatest Ch'ga High Low Stock

Beijing connections.

An official at Toyota Motor

pan to Europe came to 272,564 units in the seven months to July, is also witnessing a decline in car shipments from the United States,

which started in March last year. Such exports came to 1,091 units in the seven months, barely 10 percent of those for all of last year, Export prices set by Mitsubishi Motors Corp. have also been rising, especially for Britain, the Netherlands, Belgium and Switzerland, a

spokesman said, declining to give further details. (AFP, Bloomberg)

Siemens Retracts

Spying Allegation

BONN -- Siemens AG on Fri-

day withdrew an allegation of pos-

sible industrial espionage over a

contract for South Korean high-

Germany's Inter-City Express

consortium, led by Siemens, lost

the contract last month to a group led by GEC-Alsthom of France and Britain, which makes France's TGV high-speed train. On Thurs-day, Stemens said there was a sus-

it had sent letters of protest to

er was raising prices "several times a year" but refused to disclose by

Toyoto whose exports from Ja-

Printemps. The \$25 million sale will mean 26 more dealerships for Jardine Motors.

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12 Month High Low Stock

Friday's Closing
Tables include the nationwide prices up to
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SAFETY: Book Argues That America Is Regulating the Wrong Way

His alternative: regulators with greater flexibility and credibility. Judge Breyer reckons that most people would prefer lower levels of risk at current levels of expendi-

dards and apply every dollar saved many rodent hairs are permitted in

One charge — that the delega-

Continued from Page 9

He thus suggests the creation of prospects for making common sense of technology. To speak of the need for improved communication, he concludes, is to call spirits from the vasty deep. One call them, but will they come? His alternative: resulators with Lester Lave of Carnegie-Mellon University believes Judge Brever of concedes too much by implicitly health and safety regulation are reasonable. Most of the risk of premature death, he points out, now comes from individual habits like poor diet and smoking.

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MERCH OPPORT

Saturday-Sunday, September 11-12, 1993

O the Bundesbank finally tossed the bond and equity markets a little

been so much anticipated as to be virtually predigested. Traders wanted three-quarters of a point, and many had told themselves

Nevertheless, the markets — just about every European bond market, and the ma-

jority of stock markets — rose again. For that, blame the "consensus view" cited in

innumerable news reports. The "consensus view" is a pretty reliable substitute for a mass attack of premature sendity, but it appears to have prevailed this week. The

thinking - if that is not too much of a

misnomer - is that German rates will not

That may well be true, but it is hardly a sufficient reason to justify a further dose of euphoria. A more measured response might

have been gentle losses across the bond markets and a steadier German mark, as opposed to the reflexive "onward and upward"

The euphoric disease has caught hold es-

pecially badly in the bond markets. There

have been compelling arguments for interna-tional bonds to be made in the last few years.

This column made some in the aftermath of the Gulf War, and again at the beginning of

1992. Now, however, the markets are looking set for significant falls.

Don't be fooled by traders' strategic arguments. Right now there are traders whose key strategy, whatever they tell their clients,

is to go long of everything and take a six-

hour lunch. In these markets, by the time they come back (if they come back, that is),

It may not happen straight away, but a

significant correction is the very least we can

expect. Over the long term, shares and bonds

remain an excellent way to beat inflation,

but according to this column, now is not the

best time for lump-sum investment. Anyone

eager to invest would be better advised to

start a regular savings plan and wait for a

they look wealthy, and therefore wise.

fall again in the short term.

trading that was seen.

that was what they really expected.

snack. Unfortunately, Thursday's half-a-point reduction had already

FIRST COLUMN FOOd Makers Suffer Markets Get | Discount Dyspepsia

By Aline Sullivan

• A Bad Case Of Euphoria HARES in leading food manufacturers have so far remained immune to the euphoria sweeping interna-tional share markets. The news is particularly mediocre on both sides of the Atlantic: European and U.S. shares have taken a beating in recent months from inves-tors convinced that famous brand names will prove vulnerable to cheaper competition from retailers own products. But some analysts believe the gloom has been exaggerated and they predict a recovery in the sector.

The trouble for food manufacturers start-

ed in July when U.S. giant Philip Morris sheared the domestic price of its Marlboro cigarettes in an effort to retain market share. Investors worldwide took fright: The move appears to have unleashed a wave of bearish timent affecting food brands as well as the tobacco business.

Investors' icars are easily summarized. Competition among food retailers in the United States and Western Europe has never been fiercer. Up-market supermarket chains like J. Sainsbury in Britain and Safeway in the United States are being challenged by low-margin, high-volume discount stores op-erating according to the old marketing prin-ciple of "pile 'em high, sell 'em cheap."

The retailers are accordingly putting pressure on their suppliers. Food manufacturers that have lavished millions of dollars on building individual brands are finding the payback from their investments at risk. Worse, cheap own-name goods produced by the supermarket chains themselves are displacing the manufacturers' branded products on the shelves.

Analysis agree that at least some of the decline in share values was warranted. Consumers' buying patterns have changed with the recession and are unlikely to revert to form over the next few years. Probably, the consumers of the 1990s will remain value oriented. But some companies are well placed to prosper in the next few years and these are starting to look undervalued.

"Shares at some companies were slashed more as a reaction among investors to the Mariboro event than as the result of looking at the individual businesses," said Edouard Boisgelin, food analysts at Merrill Lynch in London. "Investors didn't separate the men from the boys."

Nomi Ghez, food analyst at Goldman Sachs in New York, agreed that shares in

that they are now undervalued. She cited the American confectioner Hershey: "It has a strong brand name, very little private-label competition and a strong balance sheet."

Herald

"Some of the concerns about these companies are valid but they were overdone," said Ms. Ghez. "It is a difficult environment for food manufacturers because inflation is low and the established markets are not growing. But profits should improve as the econom

Analysts concur that, in this market, big is beautiful. Companies able to invest substan-tially in research and development are ex-pected to produce products that are of a high enough quality to merit high prices and to develop manufacturing techniques aimed at

John Campbell, food analyst at London stockbrokers County NatWest, was adamant that the big food manufacturers offer the best value for investors. "These are able to take advantage of the consolidation in the industry and the growth in developing mar-kets," he said. "Smaller, regional companies are less well placed."

RESENCE in developing markets appears another precondition for prosperity. In contrast to the stagnant markets of Europe and the United States, sales of brand-name foods are likely to soar as disposable incomes rise in the Far East, Latin America and Eastern Europe, analysts said.

Mr. Boisgelin recommends buying shares in Switzerland's Nestlé, maker of Nescale coffee, and Unilever, the Anglo-Dutch food group. Both companies derive more than 20 percent of their sales from developing mar-

U.S. cereal maker Kellogg is also likely to benefit from developing markets, said Ms. Ghez. The company is opening new plants in India, Latvia and China in the next few years and is already well established in the Far East and Latin America.

Also well placed are Cadbury Schweppes and United Biscuits of Britain, which should be able to use their Australian operations as a basis for expansion in the Far East, ana-

Ms. Ghez is less enthusiastic about baby food manufacturer Gerber because the U.S. birth rate is declining. She is also bearish about Heinz, which is heavily exposed to the deteriorating tuna and ketchup markets.

Ground rules for this procedure

are taught during training and tend

to be similar throughout the indus-

try. Suppose, for example, the stock

market has taken a dive and a fran-

"BSN's strategy has been to be powerful in Europe," he said. "It's a shame." Just how much of a shame was illustrated in July, when the French national statistics institute published a survey showing that consumer spending on food in France rose

Groupe, the biggest food manufacturer in France, which derives less than 5 percent of its sales from outside Europe and the United

Loic Morvan, foods analyst at James Ca-

pel in Paris, said BSN shares are unlikely to

look attractive for at least a year. He predicts

that profits will fall this year, and not recover

strongly until 1995, when its current restruc-

turing program should begin to take effect.

only 0.1 percent in 1992, compared with

International Tribune

around 2 percent a year in 1991 and 1990. The institute said its findings reflect a profound change in spending habits as consumers turned to cheaper products.

BSN, in common with other food manufacturers such as Britain's Hillsdown Holdings, is countering the trend to cheaper products by cutting prices and producing some goods for supermarkets that are sold under the name of the retailer. The profit margins on such products are comparable to those achieved on more expensive branded products because these companies need not

spend large sums on advertising, Mr. Mor-van said. However, Ms. Ghez warns that the market for retailers' products may hit a ceiling as industrialized economies improve. "People should remember that the private [brand] market is not dead," she said. "Private labels account for 18 percent of the market in the U.S. now and there has been some talk that it will reach as high as 40 percent. But I think it will take about five

RUR Nabisco Holding

years to reach just 19 percent." County NatWest's Mr. Campbell warns y that food shares are "still not so cheap that people should rush in and fill their boots." But as equity markets continue to soar, investors may find attractions in a sector that can scarcely fall much further.

time when the markets offer better value before making a large commitment. Analysts remain gloomy about BSN M.B. some food manufacturers have fallen so far

The Phones-On Approach in a Crisis

In the aftermath of the 1987 phone

ways to handle overload situations.

nightmare, fund managers began seeking

ees who normally never handle the ny that answers phones for outside

customer phones. Fund manage-ment firm Vanguard, which han-ning resembles a battle plan, esca-

By Judith Rebak

there's a crisis? If it's one of your own, the chances are you'll be able to get through to your broker, banker or fund manager on the telephone as you leave town in a hurry. But what if it's a crisis of the market-made

Virtually everyone who minds the phones at fund companies harks back to the market crash of Oct. 19, 1987, as the month of truth. As the stock market went into free-fall, tens of thousands of frantic investors jammed the tollfree lines of fund companies. Most heard busy signals or endless recorded messages; some didn't get through for two days. The lines were overloaded, but a bigger problem was that there were not enough people to answer their calls.

Today, the industry standard for a phone representative to pick up a call is 20 seconds. "If a customer waits longer than a minute, the response will be concern and getting upset," said Louis Harvey, editor of the Mutual Fund Market News. Boston-based publication that surveys services of fund managers. To be avoided at almost any cost are "abandons." callers who tire of waiting and hang up.

In the aftermath of the 1987 phone nightmare, fund managers began seeking ways to handle overload situations without keeping employees sitting around idly.

Cross-training phone representatives is now the most widespread

method of being prepared for over-loads. Most fund companies maintain at least two 800 numbers (tollfree numbers within the United States) manned by two separate groups; one may give out basic information such as account status. Amy Danforth, a vice president for fund prices and the like, while the other handles actual transactions. In cross-training, each group learns the duties of the other so that personnel can be redeployed to meet the ebb and flow, as well as the

A second way of backing up the regular phone brigade is to summon reinforcements from employ-

dles 25,000 to 30,000 calls on an

average day, received an early-warning signal of the October 1987

crash in April of that year, when the bond market crashed, setting off a flood of calls. "We realized then we needed a contingency force

to supplement our regular tele-phone troops," said John Woerth, a

Thus, was born Vanguard's "se-cret army," some 500 executives

who are trained to help out when the

phone lines get hot. The roster even

includes the chairman, John Bogle.

dwarf all others, has 1,700 phone reps in four cities across the United States who field roughly 80,000 calls a day. "When we get over 100,000 representatives-assisted calls, we fall under pressure," said operations. The Boston-based funds giant aims to pick up its calls in 15 seconds, and if there is an "event," it can summon crosstrained representatives, plus any of its 1,000-member "corporate reserves," everyone from marketing

lating from a Level 1 to a Level 7.

"We're cross-trained like our cli-

ents," said Kim King, who oversees phone operations. "If the whole

market goes crazy, we have a pool

of 600 people who know the

phones, know how to run comput-

But having the sheer numbers

available to answer the phones is

only half the battle. Far trickier is

calming a panicky or angry inves-

tor, an exercise in psychology,

hand-holding, and treading the le-

ers, and are articulate."

tic shareholder is on the line. "If you've got someone saying, 'I just don't know what to do, what should I do? we'll tell them we can't advise them, but we can give them some information," said Ms. Danforth of Fidelity. A typical approach is to provide a longer-term perspective, backed up by statistics about previous dips and recoveries At the 440 Financial Group, a in the overall market. Worcester, Massachusetts, compa-

"Our intent is not to keep people from moving their money, but moving it on the right information, and basically, not making a knee-jerk decision out of fear," said Ms. Danforth. For investors who simply want to sell, a standard operating procedure at all fund groups is to do so, succinctly and efficiently. Ms. King of 440 Financial fol-

lows the same basic scenario, but how to represent her outside clients in an emergency situation is worked out with them in advance. It's critical, because there are different shareholders in different companies, and you have to inform them of the same situation in different ways. You don't want to hurt or scare them," she said.

In terms of personnel, operations executives can plan for certain high-volume situations. They typically beef up their in-house numbers or contract with outside services to accommodate the huge surge of calls from shareholders rushing to beat the April 15 deadline for taxes and Individual Retirement Accounts deposits.

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BRIEFCASE

Fund Manager G.T. Says U.K. Offers Equity Opportunities

G.T. Capital Management, which man-ages funds in both the United States and Europe, is touting U.K. equities as the place

for international investors to be. In its latest quarterly newsletter, the fund manager makes its case by noting that Britain is starting to pull out of the recession and is benefiting from its exit from Europe's exchange-rate mechanism a year ago. Retail price inflation, for example, has dropped to a 30-year law of 1.2 percent. Moreover, "monetary trends, deflation in real estate, and declining labor costs indicate virtually no domestic inflationary forces in the next year," said Christian Wignall, the group's

chief investment officer.

Which shares look most tempting? Some of the big financial names like Barciays and Provident Financial are on G.T.'s list, but the most favored are companies with smaller market capitalizations. Among the choices of Paul Wood, who oversees the U.K. portions of G.T.'s portfolios: The Compass Group, which does business catering: Howden, a Scottish company that makes big industrial fans, and Weir Group, a maker of electric pumps. Mr. Wood points out that manufacturing costs have fallen markedly for the last two companies, giving them prices as much as 25 percent lower than their European competitors.

ricudes the chairman, John Bogle.
Fidelity, whose phone calls advice.

U.S. investors can join the small cap bandwagon via the G.T. Europe Growth Fund, which has 42 percent of its monies invested in Britain. International investors have the choice of two funds from the G.T. stable -Special Situations, or Small Companies Div-

Dividends Have Increased But Is That a Good Sign?

Not everyone is as optimistic as G.T.,

While the love affair with mutual funds has helped push up stock prices, market historians have been warning for a couple of years that dividends were not keeping pace, that the market's average yield had fallen to a level that has spelled disaster in the past. Isn't it great news, then, that dividend increases have picked up steam and are run-

ning far ahead of reductions? Not at all, says Norman Fosback; editor of the newsletter Market Logic. He notes that whenever there is a three-month period in which the number of companies that cut or omit dividends falls below 7.5 percent of the number that raise or resume dividends, the market, as measured by the Dow Jones industrial average, falls 2 percent over the next year. The percentage recently was 6.

When bad dividend announcements rise past 25 percent of good ones, the Dow has gained 19 percent over the following year. The reason for this bit of market perversity? Only the most naive of investors react to what has already happened," says Mr. Fosback. "Most strive to anticipate the future, and when the dividend news is as overwhelmingly good as it is now, well, the unfortunate conclusion is that it can only deterio-

New U.S. Tax Laws Place **Burden on Self-Employed**

Bad news for the self-employed who pay U.S. taxes. According to tax practitioners Ernst & Young, new tax laws place entrepre-neurs and partners of service-type businesses "at a marked disadvantage to their peers in corporate America." The firm cites Medicare-related taxes and changes in entertainment-expense rules as the principal causes.

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Finland	F.M.	2,400	_1, 40 (17)	1,300	700
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Germany	D.M.	700	40000	385	210
- Berlin	D.M.	850		470	290
Great Britain ·	2	210	***************************************	115	65
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tretano	£tri.	230	£1966661	125	68
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Portugal	Esc.	47,000		26,000	14,000
Spein	Ptas.	48,000		26,500	14,500
-" hand deliv. Madrid	Pras.	55,000	444	27,500	14,500
Sweden (zirmail)	S.Kr.	3,100	10.00	1,700	900
- hand delivery	S.Kr.	3,500	Com Zanginer	1,900	1,000
Switzerland	S.Fr.	610		335	185
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THE MONEY REPORT

marketed across the region, says he

is buying a lot of recovery stocks.

He does not stick to the purists'

definition of these stocks and in-

cludes companies that have low

earnings purely because of the re-cession (described as cyclicals) as

well as those that have more specif-

market sectors like retailers, media

and "some of the financial compa-

nies that are oriented towards indi-

viduals." He thinks, however, that

it is too early to buy the purely

qualities, is Nokia, the Finnish

electronics stock. Its consumer

electronics division has clouded the

group's outlook for some time, but

the company now expects the divi-

parts continuing to grow," said Mr.

In Tokyo, Mark Fawcett, an in-

vestment manager- at Indosuez

Gartmore Asset Management Ja-

pan, defines recovery stocks simi-

larly to Mr. Bolton, describing them as being in secular or cyclical

decline. He believes the end of re-

cession is too far away to warrant

buying cyclical stocks and, instead,

he is buying the secular stocks that are trying to reduce their costs and

But this is difficult in Japan. "It is

far harder for a company to restruc-

ture in Japan than America," Mr.

Fawcett said. "The main cost in Ja-

pan is labor and although people

will take pay cuts, it is very difficult

derivatives gradually creeping into

There are three increasingly pop-

the personal finance market.

tect an investment portfolio.

The relatively poor showing of

promise to deliver a high propor

tion of any stock market gains over a specific period or, if the market

fails, to at least pay back the origi-

But there is a friendly side to on behalf of the investor.

ular ways of investing: gnaranteed agers. Mary Blair, Fidelity Invest-funds, which promise the return of ments' executive director of

investment capital with the hope of product development in London,

gain; income funds, which aim to said, "People tend to look at what

provide returns in a low interest funds are offering rather than how

rate environment, and the direct they achieve it. That can be good

use of futures and options to pro- and bad. It's good because they

equity markets in the years before in a defensive way. But it's bad.

the recent surge helped channel a too, in a way, because some deriva-

steady flow of cash into capital tives-based products do carry a guaranteed funds. These usually capital risk."

The fund manager puts part of fund. The combination of reviving

the client's money into an invest-ment with a guaranteed return at rates has had a dual effect on the

some future date. This usually in- investment market. As equities be-

volves zero compon shares or cash come more buoyant, investors are

on deposit. The balance, minus becoming less anxious about capi-

management charges, buys call op-tions on a basket of shares weight-from guaranteed funds. At the ed to mirror the market it invests same time, as interest rates fall,

manage their way to recovery.

NE company he has re-

cently bought partly be-cause it is restructuring.

but also for cyclical

cyclical plays.

In the former category he would

Best Performing Recovery Funds Over one year to Sept. 1, 1993 PSSG Growth Fund Thomson Opportunity (A) Thomaton Opportunity (B) on Benson Japanes Jean Special Equity. Soli a Hear Special Equals American Entage Fund Suramanca Entage Fund Suramanca Entagen GFR Henderson Japan Special Sits Fidelity Japan Special Sits Twentieth Cent Littra Suramass Figla Riccycy Berchays Unicom Japanese Sp S Meintry ST Japan Opps Fidelity Recovery

How Recovery Shares Beat the Indexes

By Rupert Bruce

ESPITE generally flatter trends this week, many of the world's major stock markets are still near their historic highs. funds thrive on "special" situations, That poses difficult ouestions for each unique to its recovery, supportwould-be investors: Where is genu- ers of this type of investment argue ine value to be found in a generously priced market? Surely, peak market prices mean shares are fully

Not necessarily, argue fund managers like Richard Hughes of Lon-don-based M&G. The M&G Recovery Fund invests in companies experiencing difficulties, or which are otherwise experiencing hard times and are due for recovery. The August 1992 the fund has rewarded

North Star Group of Companies operates 33 investment funds which have been awarded No. 1 by Lipper is of the US in 1985, 1987, 1988, 1990, 1991 and 1992.

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vehicle has risen from its position as sterling investors with a 63.4 per-one of the pariahs of Britain's mutu-cent rise, (118.9 percent in dollar marketed across the region, says he al fund industry to become one of its champions in the space of 12 months. As such, it has behaved exactly as a portfolio of recovery shares should. Given that these that, string markets or not, recovery

stocks have a way to go.

Mr. Hughes bought the bulk of
the portfolio in the long years of Britain's recession from among the London Stock Exchange's down and outs. A few went to the wall. but others turned around and their prices have risen.

in the 11 months from the end of

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The M&G fund's managers have lemonstrated that by picking portfolios of recovery shares, it is possible to substantially outperform a chosen stock market index even though the fund performs abysmally in a recession. And, while the fund may be volatile at times, it is considerably less of a risk than inst picking the odd recovery stock and losing everything if it fails.

In its period of growth between Britain's two most recent recessions, the fund substantially outperformed the FT-A All Share Index. Between its zenith at the end of June 1989 and its nadir at the end of January 1983, it rewarded sterling investors with a 497.1 percent rise, (491.4 percent in dollar terms). Mr. Hughes now believes that

terms), handsomely outperforming

the local PT-A All Share Index. But

until last August it was sadly lag-

ging. During the previous three years and two months, the fund has fallen 18.1 percent for a sterling

One of the fund's successes, Gra-

nada, is a classic recovery share.

Mr. Hughes bought it at the time of

ago for 150 pence (\$2.25) a share. He liked it because the rights issue

recapitalized the leisure company

and a program of disposals and

acquisitions was under way. The

share tripled in value after the fund

Granada showed many of the signs that Mr. Hughes believes of-

ten herald a recovery. There was a

new management, a vigorous pro-gram to sort the company out, and the rights issue would fortify the

balance sheet.

"rescue" rights issue two years

investor, (36 percent in dollars).

with Britain showing clear signs of pulling out of recession, his busiest stock-picking period is over until the next time. In Continental Europe and Japan, though, where recession still has a grip, there are many more opportunities.

Anthony Bolton, the investment director of Fidelity Investments in director of Fidelity Investments in Britain, who manages the range of hard to reduce labor costs."

By Digby Larner

O you run with the re-

covery in share prices,

or just run for cover? The answer to that

question will depend very much on

the individual investor's tempera-

ment and circumstances, but one

thing is certain: A burgeoning sec-

tion of the securities industry is

offering cautious investors and

those with a share portfolio to pro-

That sector is the futures and

options markets, an area in which

most cautious investors would nev-

er dream of getting involved. And,

on the face of it, they have good reason not to. The traded futures

and options market is a highly vola-tile investment area where huge

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tect a new range of choices.

By Brandon Mitchener OR Wall Street in the 1980s, other people's money was the key to

riches. For Germans in the 1990s, an increasingly common investment targets other people's Morbid as it might sound, Ger-

mans are snapping up second-hand British and Irish life insurance policies as an exotic means of refinancing mortgages, saving for old age or future education expenses or simply as a high-return alternative to equity investments, which many Germans regard with suspicion.

This is nothing new in England, where second-hand endowment policies have been sold for 150 years, but the market in Germany and its Continental neighbors is still in its infancy. The overall market is expected to grow to around £100 million (\$1.5 million) next year, with around 80 percent of buyers based in Britain. According to Bill Weston, a partner at auctioneers Foster & Cranfield, the oldest name in the business, Gerinclude consumer-oriented stock

many is the second biggest market. "Buyers are mostly trust funds. but a lot of private investors are buying them because the returns in comparison to money market funds are so good," Mr. Weston said. "About a third are bought by ordinary individuals."

In Germany, about two out of every three buyers are wealthy el-derly who use second-hand British endowment policies as collateral for local mortgages and real estate loans, said Harald Rölle, a Hamburg/Buchholz-based investment adviser who learned about the policies at a financial fair and has been selling them ever since.

sion to break even some time next In addition to individuals, he said. "I now have Mittelstand com-"That is the type of thing I like, panies buying up these second-hand policies as part of their penwhere you have some cyclical re-covery in part of the business but your downside is limited by other sion plan investments." He was referring to German small- to medium-sized businesses that are the backbone of the German economy.

> Others trade in their German life insurance policies for British poli-cies in search of a higher yield, Mr. Rolle has calculated that German companies, which invest primarily in fixed-income paper and real estate, pay roughly double the sum of ns, while British companies, which invest heavily in equities, return up to six times the premiums paid.

The British secondary market's historical raison d'etre is a vast gap between the surrender value of an endowment policy canceled prematurely and its inherent cash value. or asset value. Market makers straddle this gap, paying more for "used" policies than the insurance company would offer, and reselling er big reason, during the recession,

The irony of cautions investors

unwittingly making use of deriva-

tives is not lost on some fund man-

leave things to the professionals who know derivatives can be used

HIS may be true of an-

other derivatives product

currently springing up in Europe: the high income

Cautious Investors Take a Chance on Futures and Options

them more cheaply than a new policy of similar value would cost. Effectively, the surrenderer sells the right to collect the eventual payout on his contract, while the

Trading for a Second-Hand Life

buyer, who receives the original policy papers and an acknowledgment of transferred ownership, continues to make premium payments until the policy expires. Sales of the second-band policies have soared recently because of the British recession, but they are more than a way of profiting from some-

one else's misery, Mr. Weston and Mr. Rolle insist. "There's been a steady flow of these policies for a long, long time," Mr. Weston said. Indeed, only 20 percent of policies surrendered early find their way into the secondary market but more than half of all U.K. policies

are surrendered before their time. One reason is divorce, which results in the early surrender of joint life insurance contracts. But anothprices. Most British life insurance policies are used as collateral for a real estate loan, Mr. Rölle said. OR Germans aware of

the market's existence, second-hand U.K. endownent policies are almost too good to be true, combining relative safety and a high return, generally three percent points above British gilts, which currently yield around 9 percent. Even the specter of devaluation is relative because while the eventual payout declines, so do all the remaining premium payments.
"I just had a customer buy 10,"

Mr. Rölle said, A German architectural engineer, aged 60, bought sec-ond-hand endowment policies ma-

income." he said.

has been a drop in real estate up to the owner of the policy to find out if its object, the original owner, dies before it expires - several U.K. investment banks are now selling second-hand endowment funds, and Mr. Rolle and others, in turn, are selling the funds. The first, the Kleinwort Endow-

ment Policy Trust (KEPT), aims to invest £30 million in policies expiring in 2003. Second on the market was Barclays de Zoete Wedd (BZW), with a £20 million fund expiring in 2005, and John Govett is to be the third.

Fund managers specializing in second-hand endowment policies pay less than a 15 percent premium to a policy's surrender value, compared with a typical auction price of around 20-25 percent, attracting turing between 1997 and 2007, investors with the lure of higher giving him a revolving retirement returns than they could achieve by themselves. As interest in the fund For clients unwilling to invest the grows, however, so does its price, time needed to track a second-hand and Mr. Rölle said he no longer

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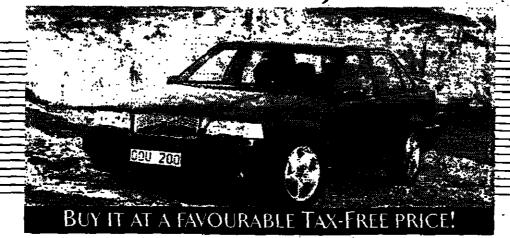
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gains and losses can be made with frightening speed.

Call options are used and the managers in Europe are waking the move warmed that people would ager immediately takes the profit up to the idea of selling call options invest in the funds without fully investors are still uneasy about getfor their funds and distributing the understanding the risks. In fact, premiums they charge for them as income. This technique has been companies launching such funds have found the take-up disappointused in the United States for some

time and has attracted more than \$800 million of investment. One U.S. mutual fund, Analytic Options Equity, started in 1978 and has since produced a compound average annnal return of 11.4 percent. The British fund manager Foreign & Colonial launched a similar

high income fund earlier this year, promising an income return of 10 percent. The fund sells options to would feel about it." buy its shares at a price 5 percent above their current value. F&C analyst Creig Walton says the fund is proving to be one of the company's most popular. He said that al-though derivatives are playing a bigger hedging role in personal fi-nance products, many investors are unaware of it. "People tend to think of futures and options as being high risk, but it can be quite the

In Britain, this appears to be borne out by a lack of enthusiasm for managed derivatives funds. The financial regulations were relaxed to allow companies to sell futures and options funds plus the more volatile geared futures and option funds to retail investors. Critics of

ingly slow. While F&C makes no secret of

the way its fund works, it concentrates on marketing the end benefits rather than the fact that futures and options play a part. "It's not a feature of the product, even though we do mention it," said Mr. Walton. "If all the mechanics were explained, I don't know how people

But unlike guaranteed funds, high income funds using derivatives are more speculative. They are best suited to volatile or steadily growing markets. In a rising market, share prices may move high enough to encourage call-option holders to use them and buy shares at a discount. If they do, the fund will foot the bill. This means investors inevitably sacrifice a portion of future market gains for the sake of taking high income today. While income investors will

probably be quite happy with that, the downside risk comes from steadily falling markets, as Mr. Walton explained. "If you're trading in a market that is flat, or flat and moving down, the transaction costs will actually erode your capital. That was the sort of market we saw in the early 1970s. More like

investors are still uneasy about getting directly involved in futures and options, attitudes are changing, especially at the high-net-worth end of the market.

"When I'm talking to clients about them, the perception they have is of the high-risk side of opnons," the spokesman said. "I try and illustrate how they are used by saying that when you buy a house, you buy an insurance policy to go with it. If it gets burned down, you want to make sure someone gives you the money to rebuild it."

PTIONS can work in this way for any investors, even those running their own portfolios. A share currently worth \$5, for example, can be covered by buying an option giving the investor the right to sell the share at the same price later. The premium for this is usually a very small percentage of the share value. If the share value fails heavily, the option can be used and all the investor loses is the premi-

Morgan Grenfell fund manager Rupert Lowe says that, used properly, there is nothing to lear from futures and options, "It's like any-thing, handled wrongly they can be extremely dangerous. I think they're a great investment, cheap to saw in the early 1970s. More like use and very efficient. Certainly, death by a thousand blows than a sudden leap down."

A spokesman for Morgan Grenfilexibility."

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A survey of the current generation

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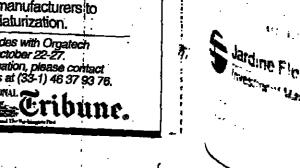
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*Old-Fashioned Stock Picking Comes Back

By Kevin Murphy

TOCK picking is back.
That is the blunt message being trumpeted across Asia by BT Fund Managers Ltd., an Australian investment group, which tonts its ability to find undervalued stocks in all the markets it covers. BT has become Australia's third largest mutual fund manager in its home market with 21 billion Australian dollars (\$13.5 billion) on its books. Now, it wants to try its formula in Asia's fast-growing fund management

The move to stock picking bucks the trend of recent years, when fund investment has been dominated by vehicles that invest in market indexes. Index funds, as their name implies, do not actively pick stocks, but merely attempt to follow the market. Index funds frequently formed part of the strategies of advocates of modern portfolio theory. A standard formula was to use an index fund to follow market performance as the core of a port-folio, and then to add on an "asset allocation model" for a smaller "satellite" portfolio that was supposed to outperform a market in-dex. But skeptics argue that the modernists have fared little better than the old-fashioned managers. Now, it seems, a return to aggressive attempts to beat the market is

"I've certainly detected a greater interest recently," said Paul O'Donnell, a director of BT charged with building the group's offering of three funds now sold in Hong Kong into a wider selection.

"We're not saying pure stock pick-line work for any pure stock pickling works for everyone, all the time.

But it seems to be working for us." BT's Select Markets Trust, a Pacific Basin fund, ranked fifth out of 2,011 international equity funds on performance over five years to the end of last month (a 29.1 percent average annual return), according to statistics from fund monitoring firm Micropal. Its European actuaries came in to tell fund managers the first among its peers over the same period (16.4 percent annual return).

"After the crash, the consulting actuaries came in to tell fund managers the first among its peers over the same period (16.4 percent annual return). Which repaid to either earnings the same period (16.4 percent annual return).

"After the crash, the consulting actuaries came in to tell fund managers in the Philippines, where CS they want."

The property of the same period (16.4 percent annual return). The property of the same period (16.4 percent annual return). The property of the same period (16.4 percent annual return). The property of the same period (16.4 percent annual return) and the property of the same period (16.4 percent annual return). The property of the prop percent annual return).

among fund managers in Australia, jobs to fund managers again.
who were forced to look abroad for "These days, I don't think any

risk analysis was done and manag-Mr. O'Donnell reckons the ers were replaced by consulting acstrong performance has something to do with the fierce competition tuaries. But that trend is changing and we'll see the actuaries lose their

For our type of investor, fund managers must rely on what they hear on the grapevine.'

BT is not the only Australian paying people to identify the best group touting its ability to find touche among the world's 45,000 Equitilink runs one equity fund come back in the past six to nine and it turns to "other managers on the ground for advice in their marchairman of the Equitilink Group. There has been a major change in sentiment in Australia."

Equitilink, the largest independent fund manager in Australia. has 3.4 billion Australian dollars under management in 15 portfolios, some of which are closed-end funds listed in the United States,

of its portfolio.

"After the 1987 crash, people began to favor risk analysis," said Mr. Sherman. "The trend was toward extreme caution. Fund managers measured whatever they did against indexes, but they lost sight of the fact that an index is a meaningless figure." His Equitilink Super Trust recently ranked No. I over one month, three months and one year of 36 fund managers by Australian consulting actuaries, In-

returns as their domestic equity individual investor or pension fund market limped through the last five wants to be paying managers 1 percent to be in the indexes. They're

listed companies. "There's no that has 15 to 20 percent of its doubt about it, stock picking has money in Southeast Asian equities,

But just how receptive will Asian investors be to an approach that throws away complex asset allocation charts and sector indices?

Very receptive, it seems, according to fund managers and actuarial groups watching the industry, who say the bottom-up approach is al-Canada and Australia; others are ready strong and gaining adherents open-ended mutual funds in Assa, where short-term investtralia. Equities make up 20 percent ment horizons change before the of its portfolio.

"Stock picking is going on in a big way here now," said Syd Bone, managing director of Towers Per-rin actuarial and investment consultants in Hong Kong. The thing to beat is the index and people are starting to find they can do that by

stock picking."
In Hong Kong's case, outperforming the index may just mean deciding where Hongkong and Shanghai Banking Corp. or China Light and Power are headed, given

"with regard to either earnings growth or market performance, there is little or no correlation with nominal gross domestic product, private consumption growth, M2 growth, the current account deficit, inflation or the deficit," selecting the right stock of the six that comprise 69 percent of the Manila composite index may be the only way to

"Traditionally, Asia is much the group's fund managers commore bottom up than many bine both approaches: "In Malay-places," said Grahame Stott, a director of the Wyatt Co (HK) Ltd.

ry wasn't coming through, but places," said Grahame Stott, a di-rector of the Wyatt Co (HK) Ltd. "There are so few stocks around and a common story throughout the markets. You have to look very closely for value.

"There's quite a bit of evidence stock picking can be a source of value added, but much less evidence it's more important than get-ting the country right in the first

siderable support for the existing "quant" approach favored by sev-eral of the European houses. The many believe they best learn about Americans also are analyzing Asia the various economies in their by industry across the region rather realm from talking to individual

than by country.

"For our type of investor, fund managers must rely on what they hear on the grapevine," said Paul Giles, executive vice president of Creditanstalt's Hong Kong operation. His firm has about 25 percent of its funds in equities, most of which are in Asia. "This is not a research driven market.

"We're looking at politics and Stock pickers also tend to put often price rumors on particular less emphasis on trying to buy the companies. We're not trading last index of a particular country at just quarter's results, we're moving on the right time. "Judging which of something about the future."

the right time. "Judging which of nine countries is going to go up by

the marketing department at Jardine Flening Investment Management, said, "Although our client base is institutional, it ranges from pension funds who are index driven, to those seeking absolute re-turns who tell us, 'Do anything you want.' We tend to focus on those clients who want to beat an index."

To do so, Ms. Broderick reports, strong earnings growth was there."

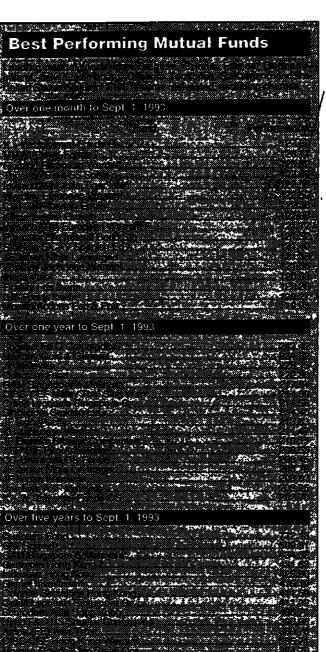
Anyone who found the right companies early in the year are looking at handsome gains — Kuala Lum-pur's Second Board stocks are up an average of 48 percent since the start of the year.

place."
The influx of American brokerages and fund managers is bringing advocacy of top-down management styles with it, buttessing considerable with the mineral styles with it. ers skeptical about the value of fol-

> "If you talk to a company manager about their pricing structures or their view of inflation, you're likely to find out what is going on before it hits the economists' statis-tics," said Bill Ebsworth, managing director of Fidelity Investments Management (HK).

something about the future."

Mr. Giles said: "Bangkok, Hong Kong, Singapore, they're much the same. The punters want short,



Templeton China Fund

HE latest move to cash in on rising share prices in China and Hong Kong came this week from the Hong Kong arm of the Templeton fund management group, itself owned by U.S. mutual fund giant Franklin Resources.

Templeton said it would list a China fund on the New York Stock Exchange this month. The fund aims to raise \$200 million, and joins more than 30 China funds worldwide.

The Templeton China World Fund will invest at least 65 percent of its assets in listed companies that operate mainly in China, Hong Kong or Taiwan, Templeton said. It may invest up to 25 percent of its total assets in companies expect-

ing a listing, it said. The number of new China funds launched this year is smaller than last year. The funds have not performed as well as had been expect-

ed, analysts said. But the Hang Seng Index of top shares in Hong Kong's stock mar-ket hit a closing record this week. and B share markets in Shanghai and Shenzhen, reserved for foreign investors, have been rising for the

The B share market has been the subject of much criticism from international analysts, many of whom feel that there is insufficient liquidity in the market and simply not enough "value" (whether defined as a function of asset backing or income) in the shares. However, brokers say U.S. investors are

backing both markets. About two-thirds of the Temple ton fund's shares, priced at \$15 each, will be offered in the United States by U.S. underwriters, led by Merrill Lynch.

Merrill Lynch International will lead the underwriting of the issue outside the United States. (IHT,

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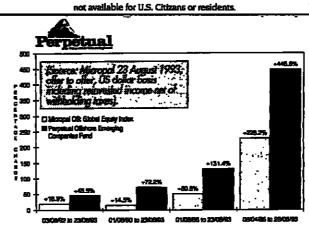
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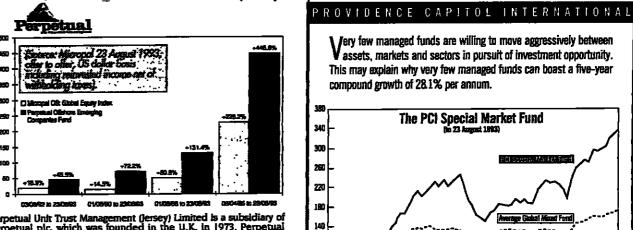
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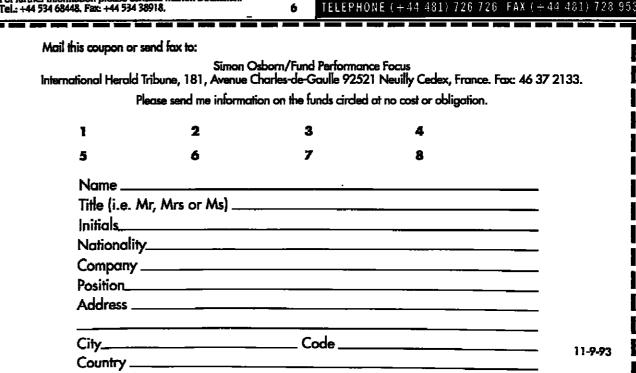
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SPORTS BASEBALL

Giants' Lead Cut To One Game **As Braves Win**

The Associated Press three runs in the second mining, and Each day. San Francisco's lead in Todd Zeile's grand slam highlightthe National League West seems to ed a six-run sixth. The Giants have get smaller. Now the rest of the won only 11 of their last 23 games. cague is wondering what the Giants Zeile's second slam of the season have been worrying about: Can anyone stop the Atlanta Braves? came against Terry Bross and made it 9-2.

The Braves, 742 games behind

NL ROUNDUP

the verge of falling out of the race, trimmed the delicit to one game Thursday night. Atlanta beat San Diego, 1-0, in 10 innings, while the Giants lost to St. Louis, 9-4.
"The Giants have held their own

to this point, and it's not over." said Ozzie Smith of the Cardinals. "But when you have the kind of pitching the Braves have and add Fred McGriff, that seemed to be the spark they needed. It's all falling into place for them. It's unfortunate for the Giants, because they've had some injuries."

Ron Gant's 32d home run gave Atlanta its 24th victory in 29 bined one-hitter in San Diego.

Kent Mercker, making a rare start, was pulled after six no-hit in-the same place. Hershiser was nings. Mark Wohlers gave up a scheduled for X-rays on Friday. check-swing single with two outs in the eighth to Luis Lopez — his first ninth tied it for Florida. In the major-league hit - and Greg McMichael pitched the last two innings.

"No-hitters don't come very often, but the World Series comes even less often," Mercker said. "I'd take a World Series ring instead of

On Sept. 11, 1991, also against the Padres, Mercker teamed with Wohlers and Alejandro Pena to pitch the NL's only combined no-

Cardinals 9, Giants 4: Visiting St. rowed one of Daryl Boston's bats Louis chased Jim Deshales with and singled.

Rene Arocha left after Matt Wil-San Francisco on Aug. 22 and on liams's 32d homer, a two-run shot in the eighth. The drive came after the Cardinals' fourth error.

> Phillies 10, Cubs 8: Lenny Dykstra homered twice and drove in a career-high five runs as the Phillies stopped a three-game losing streak on fight night in Philadelphia.
> In the third, Philadelphia's Mariano Duncan was brushed back by

emptied, and Castillo suffered a cut on his nonpitching hand.

Dodgers 6, Manins 5: Los Angeles lost Orel Hershiser to an early injury but beat Florida at Dodger Stadium in the 10th inning on Tom

Goodwin's two-out single. games. The Braves have been winning because of pitching, and they won again that way with a combined one-hitter in Sec. The stayed in after being struck by Orester Description. Hershiser was hit in the back of in the second, but he came out after Benito Santiago's drive hit him in

> 10th, third baseman Gary Sheffield made his second error of the game and Goodwin singled.

Rockies 10, Pirates 7: Winning pitcher Gary Wayne grounded a two-run single in his first at-bat in the majors, helping Colorado pull away in the 12th inning in Pittsburgh. Wayne, who spent his entire ma-

Frank Castillo and charged the mound. The benches and bulipens

Cubs' pitcher Frank Castillo, left, and catcher Rick Wilkins tried to restrain the Phillies' Mariano Duncan, who charged the mound after an inside pitch by Castillo. Duncan and Castillo were ejected.

Cowboys vs. Bills: A Replay Of Super Bowl or Revenge?

BILLS (1-0) at COWBOYS (0-1): KEY STAT: Bills were 4-0 vs. NFC during last year's regular season and are 10-2 vs. NFC in the last three years: Cowboys gained no sacks vs. Washington and allowed 171 rushing yards.

COMMENT: If only the Bills could trade one of those regular-season NFC triumphs for one of those Super Bowl losses. This must be a revenge, grudge match for the Bills not only for losing Super Bowl XXVI to Dallas but also for the humilating way in which they lost. Oddsmakers have made the Cowboys

COLTS (0-1) at BENGALS (0-1): KEY STAT: Bengals nine draft picks all made team and four are

NFL MATCHUPS

starters; Colts have won last three vs. Bengals.

COMMENT: Indianapolis fought Miami before losing by 24-20 and hopes to build off that showing against a young and inexperienced team. One shiring stat for the Colts — they did not allow a sack vs. Miami. Cincinnati, however, allowed six sacks in its

loss to Cleveland. Colts by 2.
CHIEFS (1-0) at OILERS (0-1): KEY STAT:
Chiefs offense gained 400 total yards vs. Tampa Bay, their most since 452 vs. Miami in 1991; Oilers have

won four straight at home over Chiefs.

COMMENT: Joe Montana has never lost against seven NFL teams and one of them is Houston; Montana is 4-0 vs. the Oilers. His bruised right wrist should not prevent him from starting. Warren Moon threw for 527 yards vs. Kansas City in 1990, the second-most yards in a game in NFL history. Oilers by 21/2.

BEARS (0-1) at VIKINGS (0-1): KEY STAT: Vikings have won six straight home openers and five of seven vs. Chicago: Bears punter Chris Gardocki had

only one of five punts returned by Giants.
COMMENT: Both teams stumbled in their openers and both continue a rivalry usually full of crunching blows. Jim McMahon battles his old club and Bears coach Dave Wannstedt looks for his first victory. Vikings by 71/2.

SAINTS (1-0) at FALCONS (0-1): KEY STAT: Saints have won six of seven in Atlanta; Falcons quarterback Chris Miller has thrown at least one

touchdown pass in 15 straight games.

COMMENT: The Falcons sign free agent Eric Dickerson, the league's No. 2 all-time rusher, and then Miller throws 50 passes in a blowout loss at Detroit. Go figure. That style won't cut it against the Saints.

EAGLES (1-0) at PACKERS (1-0): KEY STAT: makes his debut for the Raiders. Raiders by 3. Eagles Randall Cunningham has career 4,035 roshi yards and 29 rushing touchdowns; Packers seek 500th franchise victory and would join Bears as lone two in

COMMENT: Eagles coach Rich Kotite says that his team will be as good or better than last year's playoff team despite losing so many free agents. But now the chief free agent the Eagles lost, Reggie White, lines up against them. Packers by 4.

CARDINALS (0-1) at REDSKINS (1-0): KEY STAT: Cardinals have not won in Washington since 1978; Redskins are 20-2 following Monday night

Gary Clark faces his old team. Unlike White, he won't

savor this one. Redskins by 914. BUCCANEERS (0-1) at GIANTS (1-0): KEY STAT: Buccaneers rushed for only 25 yards in loss to . Chiefs: Giants controlled ball for nearly 34 minutes in

victory over Bears.

COMMENT: Tampa Bay fell flat against the
Chiefs. They could not run. They could not pass. They

Chiefs. They could not run. could not play pass defense. How could they possibly beat the Giants on the road in a place where they have never won in four tries? Giants by 11.

LIONS (1-0) at PATRIOTS (0-1): KEY STAT: Lions gained six sacks in victory over Atlanta: Patriots

have 27 new players, 13 new starters. COMMENT: Lions coach Wayne Fontes has never coached his team against New England. He'll like this. . The Lions have Barry Sanders. The Patriots have a

long way to go. Lions by 7. JETS (0-1) at DOLPHINS (1-0): KEY STAT: Bengals quarterback Boomer Esiason has 23 passing games of 300 yards; Dolphins quarterback Dan Marino has 47 TD passes vs. Jets.
COMMENT: The Jets usually battle Miami fero-

ciously and 15 of the past 20 games have produced 40plus points. That trend could continue with both teams featuring weapons on offense and defenses that are not quite at full strength. But Miami is usually well prepared for its home opener. Dolphins by 10.

CHARGERS (1-0) at BRONCOS (1-0): KEY STAT: Chargers have won only 9 of 33 games in Denver; Broncos rookie Glyn Milburn gained 148 all-

purpose yards in debut vs. Jets.

COMMENT: The Chargers' defense gets a strong test against the Broncos versatile offense. Too, the Broncos are playing in their home opener before one of the league's most vocal crowds. Broncos by 31/2.

STEELERS (0-1) at RAMS (0-1): KEY STAT: Steelers have lost three straight to NFC teams, including opening loss vs. 49ers; Rams made only one penalty for 13 yards and still lost, 36-6, to Green Bay.

COMMENT: Jim Everett threw 41 passes vs. the Packers. He completed 17. None were for touchdowns. Two were intercepted. Everett's game has slid and only he can pick it up. Pittsburgh should play ball control and then blitz him incessantly. Steelers by 21/2. RAIDERS (1-0) at SEAHAWKS (0-1): KEY

STAT: Raiders have won six straight over Seahawks; Seahawks have AFC's No. 1 pass defense. COMMENT: Seattle can play defense with the best in the league, but the offense is still lugging far behind. Rick Mirer at quarterback is an excellent start but Seattle needs a lot more. Like a Rocket Ismail, who

49ERS (1-0) at BROWNS (1-0): KEY STAT: 49ars are 20-12 on Monday nights and 50-34 vs. AFC; Browns gained six sacks, one fumble recovery and two interceptions in defeating Bengals.

COMMENT: The Cleveland fans gain a treat when they get the chance to see the 49ers up close and in their Dawg Pound. San Francisco remains one of the league's most creative teams and when compared with Cleveland's style, it's like comparing a jet to a bus. 49ers by 71/2.

These matchups were written by Thomas George of The New York Times. Odds were provided by Harrah's.

Jays Lose 6th in a Row but Stay Even With Yanks

The Associated Press A first-place team, even one

merely tied for the top spot, usually doesn't have to look hard for positives. But that's what the Toronto Blue Jays are doing.

They lost their season-high sixth straight game Thursday night when

AL ROUNDUP

Oakland won, 7-4, for its first road series sweep of the season. The four at Texas Aug. 3-6, 1992. Blue Jays are tied for first with the New York Yankees, and Baltimore is just one-half game back in third, New York and Baltimore were idle

"As poorly as we've played lately, we're still tied for first place," Toronto's John Olerud said. "I guess if we're trying to find something positive, it's the fact that the Yankees

haven't played very well either."

The Yankees were just swept in a Orioles have won 9 of 10.

With the way their pitching is shaping up, they could be the team to beat," Oakland's Troy Neel said

With the score 4-4, the Blue Jays' Tony Castillo walked Scott Hemond to lead off the ninth, and Jerry Browne sacrificed him to second.

Dave Henderson flied out and Ruben Sierra was walked intentionally before Neel singled. Brent its first road series since winning

Kurt Abbott collected his first major-league hit, a two-run homer off Jack Morris that put the Athletics up 3-0 in the fourth.

"I never imagined my first hit would be a homer," Abbott said. off Jack Morris. It's something I'll always remember."

Abbott had barely had time to enjoy his first hit when he sent a run-scoring single to left in his next three-game series at Texas, and the at-bat for a 4-2 lead in the sixth,

Pat Borders drove in three runs for the Blue Jays with a single, following Olerud's run-scoring double in the fourth and pulling the of Baltimore after delivering the Blue Jays even at 4-4 with a two-

six-hitter as the Angels avoided the sweep at Tiger Stadium. Magrane, picked up by California last month

since May 1992, made it 5-0.

Twins 5, Indians 3: In Cleveland, run with a single.

gave up four hits in seven innings Angels 6, Tigers 0: Joe Magrane and walked a season-high six. Stan and two relievers combined on a Javier's two-run homer, his first

they got within 10 innings of the marathon they played last week, wrapping this one up in a neat 12 innings. Minnesota's Brian Harper broke the tie with a sacrifice fly and

Gates added a two-run double to close the scoring as Oakland swept rough of the Boys of Summer, a World Series Played in November?

ber follows the lead of the National Football League, National Basketball Association and National Hockey League, whose lengthy postseasons overshadow their regular seasons. Baseball's plan, which was

approved, 27 to 1, on Thursday, is subject to approval of the Major League Baseball Players Association, but the union said it anticipated no problems. "I have gone back to read what people were saying in 1969 when we went to divi-

IN WHAT YEAR DID THE

Compiled by Our Stuff From Dispatches

Sional play," said the Milwaukee Brewers'
BOSTON — Major-league baseball, the most traditional of American sports, has decided to give itself a new look for 1994.

The proposal for three divisions in each league and a new round of playoffs that could push the World Series into Novempts follows the World Series and destroy baseball. Time will be wonderful. Others said it would be a disaster and destroy baseball. Time will be world Series into Novempts follows the World Series and the Milwaukee Brewers' signed within seven days.

The new playoff format will consist of the World Series would be Oct. 30. In 1996, in the world Series, which also would remain the World Series, which also would remain the World Series, which also would remain the World Series would be Oct. 30. In 1996, in the world Series would be Oct. 30. In 1996, in the world Series would be Oct. 30. In 1996, in the world Series would be Oct. 30. In 1996, in the world Series would be Oct. 30. In 1996, in the world Series would be Oct. 30. In 1996, in the world Series would be Oct. 30. In 1996, in the world Series would be Oct. 30. In 1

first split into divisions when they expand- champions not from its division. ed for the 1969 season, and the alignments' have basically stayed the same. The Texas Rangers were the only club

that dissented. Florida eliminated the final opposition in the National League when it agreed, if necessary, to move from the NL East to the NL Central Atlanta wants to be in the East, with Pittsburgh in the Central. the best-of-seven league championship seThe three teams, which waived their ries and the permant winners would go to season would start April 3 and Game 7 of the other divisions.

The American and National Leagues the team with the better record of the two mat committee. There has been a signifi-

The first round will be a three-of-five The first round will be a three-of-five September as teams drop out of the race. series. The first two games will be played at This is a chance to address that." be played at the opposing team's park.

First-round winners would advance to ward to getting it done."

cant dropoff on interest in August and

one site, the wild-card team's park in one instance and the other determined by a rotation system. The last three games will ers' union, said, "I can't promise it'll be

completely smooth sailing but I look for-

longer. The format also is to be based on a balanced schedule, under which each team plays two home series and two road series against each other, regardless of division.

In the two four-team divisions, teams games against division opponents and the Under the new arrangement, the 1994 remaining three-fourths against teams in

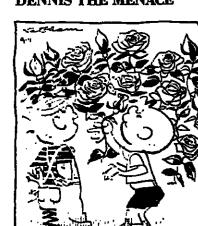
years or for the length of the next collective

bargaining agreement, whichever term is

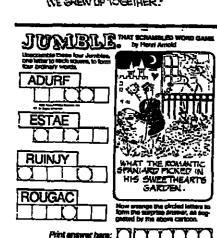
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THESE ARE MR. WILSON'S ROSES WE GREW UP TOGETHER!



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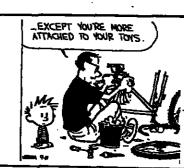






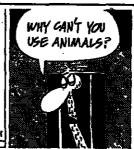


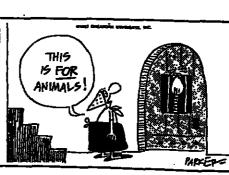








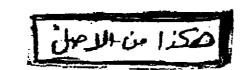




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Solution to Puzzle of Sept. 4-5

Pioline Topples Medvedev to Reach Semis

No. 15 Frenchman Sets Up Unlikely Match With Masur

Compiled by Our Stuff From Disporcing said the 19-year-old Medvedev. NEW YORK - Cedric Pioline produced another round of magic at the U.S. Open to conjure up a most unlikely meeting in the semifinals of the year's final Grand Slam.

Pioline, the 15th-seeded Frenchman who has never won a touranament, followed up on his fourth-round demolition of No. 1 Jim Courier by ousting eighth seed Andrei Medvedev of Ukraine from the quarterfinals in a 6-3, 6-1, 3-6, 6-2 rout. Earlier Thursday, the unseeded Wally Masur of Austra-lia, 30, had moved down Swe-

den's Magnus Larsson in straight sets to advance to the final four. Masur's best previous result in nine U.S. Opens had been an exit in the third round. Pioline had been eliminated in the first round and third round in his previous two Opens.

On Saturday, they will play for a berth in Sunday's final. On Friday, Ken Flach and Rick Leach of the United States won the men's doubles championship, defeating Karel Nova-cek and Martin Damm of the Czech Republic 6-7 (3-7), 6-4,

The victory gave Flach his second U.S. Open doubles title, the first person to win two championships with different partners since John McEnroe. Flach won the doubles with Robert Seguso in 1985; McEnroe won in 1979, '81 and '83 with Peter Fleming and 1989 with Mark Woodforde.

Later Friday, Steffi Graf was facing Manuela Maleeva Frag-nière and Aranxia Sanchez Vicario was playing Helena Sukova in the women's semifinals.

Pioline whipped an impressive 20 lorehand winners past Medvedev, who was strangely listless during the first two one-sided sets in his debut on Stadium Court "I had a fantastic week, a

fantastic two weeks," said Pioline. "I would like to not realize I'm in the semifinals and just keep playing my game and go on for one more."
"I didn't remember that he

who had lost his previous two matches against the Frenchman including a second-round loss at Wimbledon.

"With his kind of game and the way he is playing now he should have that kind of confidence," he added. Pioline claimed the only ser-

vice break of the first set in the sixth game and then sailed to victory in the second set as Medvedev's concentration van-

Medvedev lost three successive service games, double fault-ing-twice on his way to losing the fifth game and wildly miss-ing his serve on the last point of The moody Medvedev showed flashes of his talent in

winning the third set as he began varying his pace and picking points to press Pioline from But Pioline pulverized a forehand winner down the line to

end a hypnotic rally and break for 3-2 in the fourth set. A pair of double faults from the de-moralized Medvedev gave the Frenchman yet another break to lead 5-2. Pioline became the first Frenchman since Henri Cochet

in 1932 to reach the semifinals of the U.S. championships. Masur has more recent role models to emulate. Darren Cahill made it to the semifinals five years ago and John Newcombe won the tournament in

In another oddity in this strange Open, it is the first time that all eight semifinalists are from different countries since the men's and women's championships were held together in

U.S. Open Results

Man's Sholes, Quarterfinel
Cedric Pioline (15), France, def. Andrei
Medvedev (8), Russio, 6-3, 6-1, 3-6, 6-2,
Men's Doubles, Semifinal
Martin Damm and Karel Novocak, Czech Republic.del. Sebastion Loreou. Co Leander Poes, India. 34, 6-1, 6-4.

Leanner Poes, 11906. 3-6, 8-1, 8-4.
Figual
Kan Floch and Rick Leach, U.S., det. Damm and Novacale, Czech Reublic, 6-7 (377), 6-4, 6-2.
Abad Doubles, Final
Halana Sukova, Czech Resublic, and Todd Woodbridse, Australia (1), det. Marrina Nav-ratilova, U.S., and Mark Woodbride, Australia (2), 6-3, 7-4 (8-4).



Cedric Pioline marched past Andrei Medvedev, 6-3, 6-1, 3-6, 6-2, and into the men's semifinals.

Gorman Quits as Davis Cup Chief

NEW YORK - Tom Gorman, captain of the U.S. Davis Cup team since 1986, submitted his

resignation to the U.S. Tennis Assozciation and John McEnroe expressed interest in the job. Gorman, 47, was a member of the 1972 Davis Cup championship team and captained two Amer-

ican teams to Davis Cup titles.
"I really feel it's time," Gorman said of his decision to resign on Thursday. "I have a watch and a ring that shows we were world champions." Gorman said he had decided to leave earlier in the week and had informed the USTA president. J. Howard (Bumpy) Frazer of the decision Thursday.

A number of prominent tennis figures, including McEnroe, have talked about wanting to captain the U.S. team.

"John McEnroe has been the greatest contributor to Davis Cup in modern times," Frazer said. "He is an inspirational guy. And certainly he is a candidate to be the captain."

On U.S. television, McEnroe said: "I don't think there's a U.S. player that doesn't want to be captain of the Davis Cup team. I think it's a great honor."

Frazer said Gorman would stay with the team until after the matches Sept. 24-26 against the (AP, Reuters)

Marseille Drops Suit, **Averting Ban on France**

Marseille, Bernard Tapie, on Fri-hansson.

threatened France with suspension trons," a UEFA statement said, the losses by playing in the Interfrom international competition unless Tapie backed off. His team, the point by both FIFA and UEFA, American champious São Paulo of European and French champion, is enrangled in a match-fixing scandal and on Monday was banned from the Champions' Cup.

in a communique sent to world soccer's governing body, FIFA. "French soccer can be saved in this situation only by giving up the benefits of this legal action," Tapie said. This is the price, which I agree to pay in the higher interest

He said FIFA "had practically threatened French soccer with disappearance from the international

or Thursday, Tapie won a court victory when a judge in Bern issued a temporary injunction overturning the ban on Marseille's participation.

Is a Victory for tion in the cup competition.

soccer's most prestigious trophy, in May. But because of the bribery accusations, the club was barred from defending its title by European soccer's governing body, UEFA.

Tapie fought back with a lawsuit,

saying that UEFA gave his team no chance to argue its side of the case. But on Friday he agreed to withdraw the suit, under pressure from French soccer officials. They were faced with a possible choice of for-feiting a World Cup berth, which the French team is virtually assured of obtaining or expelling Marseille, the five-time defending champion, from the French league if Tapie persisted in challenging FIFA and UFEA.

In his communiqué Friday, Tapie said he was "deeply saddened and shocked" at having to give up his legal battle.

"I am unhappy that Marseille can't try proudly to defend it title as champion of Europe," he said. "I hope our fans, our players and our officials will be appreciated for placing France's collective interests above our individual interests."

"Good sense has carried the day," said Jean Fournet-Fayard, president of the French soccer fed-

Compiled by Our Staff From Dispatches eration. He was summoned to Zu-said, "but it cannot involve any of PARIS — Warned that France's rich on Friday for talks with FI-the regular team members."

statement said. om the Champions' Cup.

At a news conference later Frigiven Marseille permission to play
Tapie announced the withdrawal
a communique sent to world
a communique sent to world
a communique sent to world

At a news conference later Frigiven Marseille permission to play
the matches. The São Paulo match
might have to sell one or two of his
is scheduled for Dec. 12 in Tokyo the loss of considerable Champions' Cup revenue this season,

Marseille has estimated that the lion) in lost earnings.
"My room for maneuver was
"With five foreigners in the limited not by fear of actions aimed

advantage of an opportunity," he

FIFA Says Move Marseille won the cup, European Common Sense

ZURICH - International soccer officials breathed a sigh of relief on Friday after Bernard Tapie, president of the French champion, Olympique Marseille, backed off from his lawsuit that had threatened to plunge the soccer world

said after Tapie had dropped his naco was chosen, and will play in action against UEFA, the sport's the Sept. 15 first-round match European governing body. At stake was a fundamental chal-

intervention from civil courts. Tognoni called Tapie's decision a "victory for common sense."

"We cannot allow everyone who is unhappy with a decision to go to AC Milan six days later. a civil court," he added. "You cancivil court." News of Tapie's move came mo-

ments before UEFA and FIFA officials were to hold a news conference after meeting with Jean Fournet-Fayard, head of the French federation

likely 1994 World Cup berth was at stake, the owner of Olympique and UEFA's president, Lennart Jo-Boksic of Croatia and Rudi Völler of Germany, but leave the way day dropped a lawsuit against European soccer officials challenging his team's exclusion from the Champions' Cup.

In those talks, "it was established open to cut one or more or more

Bernard Tapie withdrew his legal Brazil and in the European Super action without any condition," the Cup against Parma of Italy. But he said UEFA had not yet

five foreign players to make up for and dates for the two-leg tie against Parma, the Cup Winners' Cup champion, have not been set.

The games would be expected to ban from cup competition would net Marseille 45 million francs cost 120 million francs (\$22 milfrom television rights. from television rights.

squad it is always posible to take at me personally but because I don't have the right to bring about the discomfiture of French football," Tapie said.
He said he had obtained nothing

in exchange for dropping the suit. The head of the French soccer league had pleaded with Tapie ear-lier Friday to withdraw the suit, saying French soccer's future was

soccer officials, the official, Noël Le Graet, "solemnly" asked Tapie to reconsider his legal action. "The future of French soccer depends on you and your decision.

he said in a letter. UEFA officials had demanded "Everything is settled the way the earlier this week that France name anthorities in the game wanted it," a replacement for Olympique Mar-FIFA's spokesman, Guido Tognoni, seille in the Champions Cup, Mo-

against AEK Athens. A former Marseille official and a lenge to the soccer bodies' author-ity to administer the sport without bribes to three members of another French team, Valenciennes, to go easy in a French league match May 20 to save Marseille players' energy for the Champions' Cup final with Marseille beat Valenciennes, 1-0,

not go with sports decisons to a and went on to win its fifth straight French championship.

Tapie has denied all allegations of match-fixing. The French federation had re-

fused to take any sanctions until a police inquiry into the matter was concluded. (AP, Reuters, AFP)

SCOREBOARD

played with such confidence,"

BASEBALL Major League Standings

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22 Grandmother of

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L—Costillo, 3-2. Sv—Eckersley (31). NATIONAL LEAGUE

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(12) and Homer; Clark, Pluck (7), DiPoto (7),
L—Lilliquist (1)) and Alorson. W—Asuliero, 2-3,
L—Lilliquist (3-3).

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Korsoy, Nunez (6), Smithberg (8), Eckerisev (9) and Hermond; Marris, Timlin (6), Cosland (9), Cosland (9), Eckerisev (9) and Hermond; Marris, Timlin (6), Cosland (9), Eckerisev (9), Alore (7), McAkichael (9) and J.

Loes, Berrytill (9); Brocoli, Devis (8), Heiting (9), Gold Austrost, Higolias (9), W—McAkilia

LODEZ, Bertyfilli (9); Brocoll, Covis (8), Hott-mon (9) and Austrud, Hispains (9), W-McMi-chael, 2-3, L.—Hoffman, 4-4, HR.—Affonto, Gont (32), St. Louis 509 666 166—9 14 4 Sea Prancisco 602 666 220—4 5 1 Arocho, Guettermon (8), Perez (9) and Pos-foozi; Desholes, Burbo (2), Brantiev (5), Brass (4), Richaell (7), Murselli (9) and Manwarina.

(6), Righetti (7), Minutelli (7) and Manwaring W—Aracha, 17-6 L—Desholes, 1-1, HR—31, Lau Is, Zelle (14), Son Francisco, Williams (32).

CRICKET

SECOND TEST South Africa vs. Sri Lanku, Fourth Friday, at Colombo, Sri Lanka

Armstrong, Lewis (4), Klink (5), Johnstone

(5), R. Rodriguez (8), Turner (9) and Santio 90; Hershber, Wilson (3), KLGross (6), Wor-rell (8), Gott (8), Trilcek (10) and Plazza, Hernandez (8), W—Trilcek, 1-2, L—Turner, 4-

Japanese Leagues

FOOTBALL **Major College Scores** Syrocuse 41, East Carolina 22

TRANSACTIONS

BASEBALL Noticed League MONTREAL—Signed Brod Full

BASKETBALL National Basketball Association
BOSTON—Named Tom McGrath vice pre

FDOTBAL

National Hackey League DETROIT—Traded Stewart Malguna enseman, to Philodelphia tor future or

eronions. N.Y. RANGERS—Acquired Alexander Kar-povslev, defenseman, from Quebec for Mike Hurriburt, defenseman, Signed Dimitri Starosri i Saukut-Agreed to terms with mon-tus Nosling, left wing.

WASHINGTON—Signed Dimitri Khristich left wing; and Alan May and Pat Elynoit, right wings. Agreed to terms with Milio Ric-ley, Center, with solary subject to gratination.

COLLEGE
ST. LOUIS INTERCOLLEGIATE ATHLETIC CONFERENCE—Normed Terry Loque director of information; Berry Auten
business monoger and Tim O'Toole superylbusiness manager and Tim O'Toole supervi-sor of men's and women's soccer officials. 80STON COLLEGE—Named Rick Boyages men's associate basketboll coach. CENTRAL FLORIDA—Named Cirils Mawry men's assistant basketboll coach. FDU-MADISON—Named Bob Belcoure and Bill Killia III finebacker coaches. FURMAN—Named Derek Stroud pitching

Coch.
GETTYSBURG—Named Ban Candon cross country and track and field coach, and John Schmid, Stu James and Jim Page assistant toolball coachs.
HARDIN-SIMMONS—Mark Adams, warners baskettott coach, resigned to become assistant coach at Baylor.
HOFSTRA—Named Lestie Schleget worten's basketball coach.
INDIANA. Pa.—Named Tom Fedice rustINDIANA. Pa.—Named Tom Fedice rust-

INDIANA, Po.—Nomed Tom Fedkoe run-ning backs coach and Shelly Respecki womrs essistant basketball coach. INDIANAST,—Named Jan Prevo men's asistant basketboli coach. MALCOLM X J.C.—Named Aubrey Vollous nen's basketball coach. MANHATTAN—Named Nick Restains di-

MARIAN-Named Kurt Guidner ba MISSISSIPPI—Declared Cassius Ware, se-Nor linebactor, ineligible this season, MONTCLAIR ST.—Named Glaria Bradley romen's baskatball coach. NEW JERSEY TECH—Named Richard Appl cross country coach.

SOCCER **CERMAN FIRST DIVISION**

SIDELINES

Notificated Football Leosuse
TAMPA BAY—Signed Resigne Dwight, right
and, to developmental squad.

Brand Keeps European Open Lead

UCKFIELD, England (Reuters) — Gordon Brand Jr. of England

continued to dominate the European Open at East Sussex National on Friday, adding a 68 to his opening-round 65 for a five-stroke halfway lead with an 11-under-par total of 133.

Seve Ballesteros of Spain, who shot a 72 Friday for a total of 142, was the only member of Europe's Ryder Cup under par. Four of his 10 teammates missed the halfway cut. Brand, who played in Europe's 1987 Ryder Cup

victory and 1989 tie, has not won on the Tour for more than four years. • Little-known Steve Stricker upstaged golf's bigger names to grab a two-stroke lead after the opening round at the Canadian Open on Thursday in Oakville, Ontario, with a six-under-par 66. Two shots behind were the Americans Scott Gump, Brad Bryant, Phil Mickelson, Jimmy Johnston and the Zimbabwean Nick Price, the 1991 champion.

Ottev and Christie Pull Out of Final

LONDON (AP) - The Jamaican sprinter Merlene Ottey withdrew at the last minute Friday from the IAAF Mobil Grand Prix final, ruling out her chances of winning the women's overall Grand Prix title. Linford Christie, the world champion at 100 meters, also withdrew, citing the flu. The men's 100, however, was not an official Grand Prix

event this year and was being run as an invitation race. Ottey, who was entered in the women's 100, gave no immediate explanation for her withdrawal. She was one of six women tied with 45 points going into the final event of the season. The others were hurdlers Sally Gunnell and Sandra Farmer-Patrick, 800-meter runner Maria Mutola, high jumper Stefka Kostadinova and 3,000-meter runner Sonia O'Sullivan. The prize for the overall champion is \$100,000, plus \$30,000 for winning the individual event.

For the Record

Australia's World Cup soccer qualifier against Argentina will be played on Oct. 31 in Sydney, FIFA said on Friday. The second leg will be in Buenos Aires sometime between Nov. 14 and 17. Greg Norman has pulled out of next week's Lancôme Trophy golf tournament in Paris because of a shoulder injury.

(AFP)
Fernando Herrera, 4-year-old son of the Colombian soccer player Luis

Fernando (Chonto) Herrera, was kidnapped Thursday in Medellin by four men on motorcycles. There was no immediate claim of responsibility for the abduction, the police said. (Reuters)

Lotus, the British Formula One racing team, announced Friday that its

cars would be powered by Mugen-Honda engines in the 1994 and 1995 Alain Prost of France claimed the provisional pole position on Friday

for Sunday's Italian Formula One Grand Prix in Monza, Italy, and set a qualifying lap record with his time of one minute 22.163 seconds.

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(Continued From Page 6)

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6 Kipling's Rikki-tikk 7 Rel. of Itd. 8 "Goldfish painter
9 Marginal note 10 Shallot's pungent kir

Judge served by

12 Chinese

13 Altar in the sky

17 Hippocampus of 20 Dolley or James

14 Craving

23 Move slowly 25 City in NW 30 Shakespeare's merchant 33 Claisonné artisan 37 Interweave

38 Exerci's river

appropriately

41 Group of jurors

42 Adored one of groupies

43 Bikini part 45 Narrator of a Chaucer tale 50 Female goat 51 Debate-limiting method 52 Many ages 54 Every partner 55 Carbamide 56 Actress Teri-

66 Period after:

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May 24, 1993

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Tax Dollars at Work

M IAMI — There are times when, as a taxpayer, I just have to put my head between my legs and weep with joy at the benefits I am receiving from the federal government ("Official Motto: This Motto Alone Cost \$13.2 Billion").

You'll feel the same way when I share some news items sent in by alert readers concerning government agencies serving the public in ways that the public could never have thought of itself without the aid of powerful parcotics.

Our first item concerns . . . EAR CANDLES: You may recall that a few months back I wrote a column about ear candles, an old home remedy consisting of wax-covered cotton cones that you insert into your ears, after which you set them (the cones) on fire. This is supposed to create a draft that sucks the wax out of your ears. In response, several alert readers sent me an article from the July 29 Columbus (Ohio) Dispatch headlined "Federal Agents Seize Ear Candles in Raid." The article states that on July 28, U.S. marshals and agents of the Food and Drug Administration "swooped in" to a Columbus health store and "seized about 100 candles." An FDA spokesperson said the candles were seized because they did not have FDA approval, which is required for "anything used for in humans or animals."

I, personally, am sleeping better, knowing something is being done about this menace. I'd like to see the FDA program dramatized in a TV series, "Ear Candle Patrol," wherein each week federal agents would confront dangerous, law-violating, health-store clerks ("Look out, Matt! She's got a ginseng root!"). П

Another menace that your Food and Drug Administration is pro-

tecting you from is . . NUTRITIONAL MISINFOR-MATION REGARDING TEQUI-LA-FLAVORED LOLLIPOPS CONTAINING DEAD INSECTS: Perhaps you have seen these novelty lollipops, which consist of a clear. tequila-flavored hard candy, inside of which is what appears to be a dead worm. If so, you no doubt asked yourself: "What assurance do I have, as a consumer, that this worm is identified with proper federal terminology?

Today

Ter High CF 24/75 17/62 33/81 33/81 26/79 24/75 15/59 17/82

case! According to the May 13, 1993, issue of Food Labeling News, the FDA sent a warning letter to S. S. Lollopop Co., manufacturers of the "Sugar-Free Hotlix Tequila Flavored Candy With Genuine Worm," because the company failed to properly identify the

worm as an "insect larva.

We can only try to imagine how much harm has already been done to innocent consumers who bought this product in the mistaken belief that it complied with nutritional programs requiring the consumption of low-calorie-candy-encased worms that are NOT insect larvae.

And, let's salute the Occupational Safety and Health Administration (OSHA) office in Idaho for its prompt action regarding . . .
IMPROPERLY ATTIRED RESCUE PERSONNEL: Here's

what happened, according to an

article in the Idaho Statesman. On May 11, two employees of DeBest Inc., a plumbing company, were working at a construction site in Garden City, Idaho, when they heard a backhoe operator yell for help. They ran over, and found that the wall of a trench — which was NOT dug by DeBest — had collapsed on a worker, pinning him under dirt and covering his head. "We could hear muffled screams," said one of the DeBest

employees. So the men jumped into the trench and dug the victim out, quite possibly saving his life. What do you think OSHA did

about this? Do you think it gave the rescuers a medal? If so, I can see why you are a mere lowlife taxpayer, as opposed to an OSHA executive. What OSHA did — I am not making this up — was FINE DeBest Inc. \$7,875. Yes, OSHA said that the two men should not have gone into the trench without (1) putting on ap-proved hard hats, and (2) taking steps to ensure that other trench walls did not collapse, and water did not seep in. Of course this might have resulted in some discomfort for the suffocating victim ("Hang in there! We should have the OSHA trench-seepage-prevention guide-lines here within hours!"). But that is the price you pay for occupational

health and safety. Knight-Ridder Newspapers

Harry Belafonte: Personal and Political

By Felicia R. Lee

New York Times Service NEW YORK — Harry Belafonte, dressed in three shades of green and sitting in a blood-red room in his rambling Upper West Side apartment, is talking about who he is. It is a delicious summer afternoon in the 66th year of his life. He speaks deliberately, but with such intensity that one imagines the words lingering in the air as they leave his mouth.

The apartment is quiet. The temperature has dropped, so Belafonte turns off the window air-conditioner. Julie, a lithe former dancer and his wife of over 30 years, is out. Omalu, his fat black cat, intermittently meows in another wing of the labyrinth of rooms.

"I know clearly about things that I aspire to," Belafonte says. "I know where my commitments are. I know there are things that I like very much to be a part of. Exactly who I am in the process of doing them is very hard for me to define." Newspapers and magazines, with their penchant for personality packaging, tend

to serve him up as a three-hat guy: entertainer, civil rights advocate, father of Shari Belafonte. His name evokes a suave screen image, the bnoyant banana-boat songs and the idealist who has leut his name and energies to almost every human rights struggle — from the marches with the Reverend Martin Luther King Jr. to his efforts with Nelson Mandela on behalf of

Belafonte's work is steeped in politics and personal history. He recalls how a barefoot King paced in this room a week before his assassination and wondered aloud if blacks were, in effect, integrating

into a burning house.
"Are we?" a visitor says.

Belafonte's answer is yes. "We're in a struggle for the soul of this country," he says. "We're in a struggle for America's moral center. And unless that can be made straight, I'm not too sure any of the other battles are winnable.

"How do you end racism in the midst of

a place that is so morally collapsed? How do you end poverty in a place so spiritually poor? How do you end hunger in a place so driven by such greed and avarice? If one doesn't attend to this moral question, how can you lead this country if you're morally weak, like Clinton is?"

Belafonte is reminded that he campaigned for Bill Clinton. "We had to get rid of Bush," he says. He adds that he felt that Clinton, despite any political failings, was a moral man, but says he no longer believes that.

"It has not been evident in Bosnia," he says, "it has not been evident in unemploy-



Belafonte at bome in New York with his cat Omakı.

ment, it has not been evident in Haiti, it has not been evident in how he has done battle for the black people whom he has called upon to be representatives in government. "We will ultimately arrive at a place, I think, where there will just be an explo-sion, because despair will be so vast among

so many," he says, adding that in the United States there is a mass movement for change waiting for some accident of history to ignite it. Harlem-born, Belafonte talks with some

pain about the loneliness of his nomadic childhood and the feeling of not having an emotional center until he discovered the theater. There are flashes of old hurt and anger at the racism a man his age has survived: being turned away at clubs, incivility in stores, fights for being in the

wrong neighborhood.

When Belafonte was a small child, his mother sent him to Jamaica to escape the streets of Harlem. He never stayed with any group of relatives there for more than ew weeks at a time. He returned to Harlem at age 12, a gangly misfit with a West Indian accent. He was also dyslexic, and dropped out of high school.

He endures as more than a relic, he says, because the passion that informs his music gives people a sense of community. The proof: He has had no top-40 hits to his name in decades, and is rarely on television; yet, he just completed a national tour with his new band, Djoliba, that drew full houses from Los Angeles to Cape Cod.

He is busy working on a book, several movies (mostly behind the scenes) and preparing for three shows at Lincoln Center, his first commercial appearance in New York in almost 30 years. He says he is "quite anxious" about the engagement and muses that it could be his last commercial performance, because he needs time for other projects.

The book, Belafonte says, is less an autobiography than out-loud reflections and a chance to speak his piece on such varied subjects as interracial relationships,

fascism. Malcolm X and Fidel Castro. Tm aware of time, what's left," he says. "In 14 years I'm going to be 80." He tilted

upward the mostly unlined face topped

with mostly white hair.

One of his most ambitious film projects, besides producing an ABC miniseries on apartheid, is a movie about the era of "Amos o' Andy," which he is writing with his friend the director Robert Altman. Alunan will direct the film, called "Cork."

Belafonte is cordially opaque about the details of "Cork," which is still being developed. He said only that it would be eight stories in one that study the effects of

"It's about looking at the Amos and Andy in all of us and what we've had to do," Belafonte says of the film. "By and large, as a people, we've had to be more like what white people want us to be to get over than we've been able to be who we are and express ourselves openly and honestly. So we sit with all these pent-up frustrations and undeclared feelings.

"Even today, on the big screen, the pictures that are always successful are pic-tures where blacks appear in the way white America buys it. And we're told that what we really want to express is not profitable

and is not commercially viable."
The apartment, filled with Caribbean and African art, reflects some of the roads Belafonte has traveled, literally and philosophically. There is a wall of Diego Rivera watercolors, a beautifully framed Haitian primitive. He is immensely proud of five sleek marble sculptures from Zimbabwe.

His musical taste is edectic, much of it running to African and other Third World musicians these days. He says that he initially embraced hip-hop but that he is now disgusted by its corruption.

The hip-hop culture, rappers, no mat-ter how they negate black women, white America has made them essential to the economy," he says with the most anger he has shown in two hours. "I understand their pain, their violence: I understand their rage. I also understand how they're being paid off."

His sandpapery wisp of a voice rises. "I don't want to see any more young black men grabbing their crotch and pumping away sexually at some black woman," "and then for it to be declared the truth about black people," One cannot, he insists, separate political and social reali-ties from the arts.

Even this lovely apartment is the fruit of struggle. He bought the entire building 36 years ago because his color barred him from renting the apartment of his choice in New York.

"I'm not going to use the stage as a political polemic." he says, "but I do use my songs to describe the human condition and to give people some insights into what may be going on globally, from what I've experienced."

WEEKEND DESTINATIONS

PEOPLE

Judge Orders New Trial In Malcolm Libel Suit

A federal judge in San Francisco, has ordered a new trial in the liber case of Jeffrey M. Masson against Janet Malcohn over a profile she wrote for The New Yorker, but Judge Engene F. Lynch also ruled that the magazine he severed from the case. A first trial ended in June after an eight-member jury found Malcolm had fabricated five de-famatory quotations in her 1983 articles about Masson and that two of those quotations were libelous, The jury could not agree on the amount of damages, however.

Los Angeles prosecutors declined to press charges against Ivan Nagy, 55, a Hollywood director who had been arrested on suspicion of running a call-girl ring. He was former boyfriend of the so-called "Hollywood madame" Heidi

Loyalty all around: Brooke Shields, a close friend of Michael Jackson's, said in Wellington, New Zealand, that she did not believe the sexual abuse allegations against him. Meanwhile. a Gallup Poll found that nearly everyone in the United States was aware of the accusations against Jackson but that the majority believed he was

So who needs a band? The Spanish opera singers José Carreras and Mantserrat Caballé performed a concert in Zabrze, Poland, with a piano as accompaniment after the orchestra walked out. The Great Polish Radio and Television Symphony Orchestra abandoned the wo singers an hour before the performance because Carreras insisted that his colleague Enrique Ricci should conduct throughout. The orchestra wanted to be led alter-nately by Ricci and by the Polish conductor Antoni Wit.

Mstislav Rostropovich gave a concert at the White House, then received a bear hug from President BIII Climton after a reception in honor of the Kennedy Center.

INTERNATIONAL CLASSIFIED Appears on Page 6

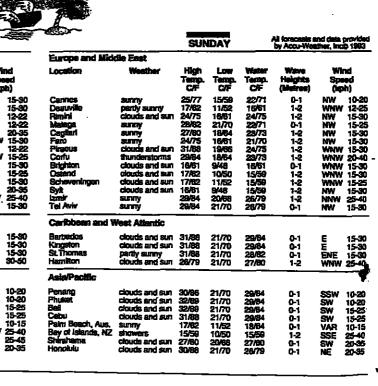
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WEATHER

North America
Much cooler weather will
plunge southward from western Carsada Into the northern
and certail Rockles Sunday
Into Monday. This will be the
coolest air of the season in
Montana and Alberta. Snow
showers are likely in the
mountains. Werm air from west central Europe early move northward toward next week, continuing the patient of damp, cool weether. The British isles will be quite cool Monday and Tuesday. Much of only with rain likely. Locally heavy rains are expected with edy and hot the next from northern Scale to wast.

SATURDAY High Temp. C/F Тептр. С/F 1457 11/52 18/64 20/68 20/68 17/62 21/70 21/70 8/46 11/52 11/52 12/53 13/56 21/70 23/73 17/82 24/75 24/75 24/75 24/75 17/82 16/59 15/59 26/79 26/79 24/75 16/61 25/77 27/80 25/77 33/91 32/89 16/61 16/61 16/61 29/92 29/94 1-2 0-1 0-1 1-2 0-1 0-1 1-2 1-2 1-2 1-2 1-2



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